Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003-2004

Province of Nova Scotia

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Printed by order of the House of Assembly

Submitted by
The Honourable Neil J. LeBlanc
Minister of Finance

Province of Nova Scotia

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Crown Corporation Business Plans

Crown corporation business plans are printed under authority of Section 73 of the Provincial Finance Act:

> 73 *Commencing April 1, 1997, a crown corporation shall annually*
>
> (a) *submit to the House of Assembly for approval during consideration of the Estimates its business plan and any proposed public financing; and*
>
> (b) *table in the House of Assembly audited financial statements for the preceding fiscal year*

The public presentation, annually, of Crown corporation business plans will increase the accountability to the House of Assembly of organizations generally accepted to be in the public sector but outside the direct control of government. Business plans define key elements of Crown corporations such as their mission, strategic goals, and core functions as well as give indication of performance, priorities, outcome measures, and budgets.

Organizations included in this volume are designated as Crown corporations by their enabling legislation, by Order in Council, or by application of the criteria established under Section 70 (Crown Corporations) of the Provincial Finance Act.

The approval of business plans as required by clause (a) will be sought through the Estimates Resolutions. Compliance with clause (b) will be achieved throughout the fiscal year as audited financial statements become available.

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Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2003–2004

Art Gallery of Nova Scotia

Business Plan 2003–2004

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Mission

To serve the public by bringing the visual arts and people together in an environment which encourages exploration, dialogue, and enjoyment. This will be achieved by providing leadership in the development and preservation of quality collections, exhibitions, and education and public programs.

Planning Context

The Art Gallery of Nova Scotia (AGNS) is the principal art museum of the Province of Nova Scotia. It serves the province and the people of Nova Scotia through the accumulation, creation and dissemination of knowledge through the arts. Distinct from other related public arts institutions, the AGNS has the responsibility to acquire, maintain, conserve, research, publish and make accessible the public's art collection in trust on behalf of the people of Nova Scotia. The principal activities of the AGNS are the acquisition, preservation and research of arts collections, the creation of knowledge through research, the dissemination of these resources through exhibitions, publications, public lectures, presentations and education programs. It assists the people of Nova Scotia and researchers internationally by maintaining outstanding publicly accessible study centres, archives, libraries, records and resources pertaining to the visual arts. The Art Gallery of Nova Scotia brings awareness of the arts of the world to the Province of Nova Scotia while actively promoting awareness of art and scholarship created in Nova Scotia to the rest of the world.

Opportunities and Strengths:

Exhibitions

The Art Gallery of Nova Scotia acknowledges that it is advantaged as a public arts institution by virtue of the scale of its operation, its physical plant, personnel, resources and budget. Members of the community look to it for leadership and excellence in arts programming and services. This observation provides guidance of what the AGNS should aspire to do as well as conversely what it should cede to other agencies. The Art Gallery of Nova Scotia recognizes that it is not the sole agency in the HRM, province or Atlantic region that makes contributions to the visual arts. The AGNS strives to maximize its benefit to this collective effort in service of the provinces objectives by focusing upon its unique opportunities and responsibilities.

AGNS is solely one member of a family of arts institutions providing a range of art services. Specifically, the HRM is served by several university and college affiliated art galleries, artist run centres and commercial galleries, addressing both historical and contemporary art. The level of achievement by these agencies is recognized nationally to be of high quality. The sheer quantity of exhibitions visiting artists programmes and education services provided within the HRM could be observed to be disproportionately high compared to the experience of other metropolitan areas far larger in population. As such, the public has no need for AGNS to replicate, compete with or further contribute to the sheer quantity of exhibition topics consistently available to the citizens of HRM and the province. AGNS must distinguish itself and make a contribution to the overall artistic climate by complementing these existing strengths provided by related institutions and avoiding unproductive duplication.

The nature and type of the programs created by other providers in the HRM and province tends to be temporary exhibitions whose overall scale, scope and treatment is modest in recognition of budgetary and personnel/resource limits. As a result, many HRM institutions within the province and region form the greatest proportion of their programming by showcasing artists drawn from their immediate region. Institutionally affiliated galleries in the HRM are renowned for their consistently fine exhibitions of national contemporary art. Many shows are expository, first introductions to an artist or topic, whose intent is to bring initial exposure to the work of emerging talent. Much programming consists of early and mid-career solo exhibitions to keep the public informed of the ongoing progress and concerns of artists working within their midst.

These other public agencies and private businesses currently provide exhaustive coverage of these functions and do so in an effective, dignified manner. They do so at responsible, cost-effective budgetary levels. AGNS should be less involved in this function, recognizing the fine contributions already being made by other agencies in this region. This is a matter of degree. All agencies will differ slightly in their assessment of who to acknowledge as significant new emerging and evolving regional and national talent. Thus AGNS will attempt to be proactive in recognizing, supporting and developing early promise. Nevertheless AGNS need not diminish its resources by replicating the outcomes already available through other mechanisms in the community.

As pertains to thesis or historical-theme exhibitions, the AGNS has a different role than its colleague providers in the province. Many smaller and medium-sized institutions make contributions within this subject area; they do so, however, within certain constraints of budget and physical facility capabilities. Arts professionals serving these sister institutions are very capable of identifying the acknowledged, prime works needed to support their exhibition projects intent. However, often smaller institutions must accept limits imposed by available resources and thus fulfill their objectives by accepting lesser works as stand-ins, selecting representative examples to present their argument. AGNS, by virtue of its class A facility, exemplary professional staff, security, environmental controls and budgetary resources is better placed to seek on behalf of the public exhibition projects that require extraordinary care and resources. Thereby AGNS is uncommonly capable of attracting, safeguarding and presenting world class art collections, exhibitions and events. AGNS has the demonstrated capacity to attract larger levels of sponsorship and donations in support of its programs. As a result, the AGNS has to a greater degree, the physical plant, professional staff and possibilities for funding that are necessary to host and create major programs of national and international significance, in terms of scale of projects and overall scholarly consequence.

These types of programs attract and serve the public, both province and region wide and beyond. As was experienced by hosting the Impressionist exhibition at AGNS, programmes of this scope tend to draw substantially larger audiences, serving both residents and visitors to the province. Thus AGNS major programs make a contribution to the total attractions and services available in support of tourism objectives for the HRM and province. Thereby, the AGNS acknowledges its role and responsibility to be a central provider of major art events programming to the Atlantic region and aspires to make contributions to the arts nationally and internationally.

Outreach and Extension

Few if any institutions in Nova Scotia are capable of exporting art and ideas created in Nova Scotia nationally or internationally. AGNS can serve the artists and people of Nova Scotia by circulating exhibitions, ideas and publications to the world arts community.

Collections

Many institutions collect. However few are blessed with the resources available to AGNS. Few are capable of receiving gifts and grants through cultural property programs; few have significant acquisition funds, vaults, personnel, conservation or collection management systems. Few have the space to showcase or give consistent dignified public access to these public holdings. None other has the responsibility to hold the principal public art collection in the province. The AGNS must take a leadership role in collections for the region.

However, what type of art objects precisely should AGNS aspire to collect? People can benefit generally from encounter with any finely produced artistic thing, any accomplished aesthetic object. AGNS does not have the resources or facilities to collect everything that might meet these nominal minimum conditions. Thereby, what can be the roadmap defining the direction and shape of collections activities? Again a clue can be drawn from recognizing that many aesthetic experiences are commonly available to the public via other public agencies and private galleries at all times without special effort to gather them. Also, art museums have a responsibility to hold and preserve in perpetuity the works they acquire. As such, they need to be sure that the works they choose to hold and pay to preserve on behalf of the public bode to be of continuing merit and historical import. These types of assessments are clearly personal, subjective and subject to debate. Nevertheless, there are some forms of consensus, widely shared opinions that can act as an underpinning, template and standard.

As such, the AGNS aspires to advantage the people of Nova Scotia by creating a distinguished, comprehensive art collection resource by amassing objects of consequence to reflect the history of the art of the province, region and country. As well, it serves the public of Nova Scotia by accumulating representative collections of art acknowledged to be of significance within the discussion of art internationally. Nowhere else can people in the province look to find a comprehensive collection that gives them first hand access to the artists and ideas that are of continuing importance and discussion regionally, nationally and internationally.

Students of the arts, of all ages, across the province, nation and across the world study the work of artists and topics that are reproduced and discussed by the discipline of art history. Defining this with precision is fraught with difficulty. Nevertheless, certain artists and topics consistently arise as prominently chronicled in art text books, arts magazines and important world collections. Key contributors to a region, province, nation or international opinion emerge as recognized, widely acknowledged, central to the understanding and discussion of the history of the topic. The public has a need and a right to be advantaged by being able to join this discussion. They need to be able to experience for themselves first-hand those items deemed to be major works that pertain to this established record. Every major art museum vies to provide for its audience the most compelling examples it can gather. AGNS is the only agency in the province capable of aspiring to fulfill this evident need for the province and perhaps for the Atlantic region. In order to accomplish this objective the AGNS must concentrate more of its directed efforts and resources upon building and improving this specific aspect. It most likely will have to forego or diminish collecting works that are not pertinent to this purpose.

We can consult historical records to learn some form of established consensus regarding historical art, but this method does not help us with respect to contemporary art. Art museums must forecast, based on knowledge of the discipline, whether recently produced works have the capacity to have lasting merit and historical significance. This to is highly personal and subjective, yet certain commonly accepted indicators can be consulted. AGNS collections hold disproportionately high numbers of art works that are peripheral to regional, national or international histories. These types of objects invariably languish in reserve collections vaults while meanwhile there are self-evident needs crying for resolution in the permanent public displays. We must recommit our efforts to focus collection efforts upon rectifying this situation. New acquisitions by purchase should be prudent, targeted, strategic selections intended precisely to go on long-term display, or envisaged to serve a major demonstrable purpose. Judicious deaccessioning can alleviate confusion and congestion in reserve vaults and provide resources to acquire critically needed key items.

Contribution to Support of the Arts

Through its actions and programs the AGNS is an agency that contributes to the positive environment that promotes the flourishing of the arts and artists in Nova Scotia. It aspires to identify, acknowledge, encourage and support the very finest achievements in the arts, to bring these to public light, encourage their maturation and promote awareness of these internationally.

Service to the Entire Province: AGNS Yarmouth

Unlike other arts institutions in the province, the AGNS has a responsibility to provide service to the citizens of the entire province. As such, it is reaching out and is responsible for two gallery facilities, the larger in Halifax, plus one in Yarmouth. In Halifax, the AGNS is housed in the former Dominion Building plus 2 floors of the Provincial Building, encompassing 77,000 square feet of space. AGNS has thirty-five Gallery spaces, a conservation laboratory, photography studio, dark room, preparation workshops, a lecture theatre, seminar rooms, working education studios, artist-in-residence studio, retail shop, a caf, Art Sales & Rental as well as office and support areas. The collection comprises over 9,000 works of art valued at approximately $100 million, with approximately 1,000 artworks on display in 35 galleries at any given time. In addition, temporary exhibitions are mounted annually and include some 1,000 works from public and private collections as well as the Gallerys own collection. Exhibitions are provided on an ongoing basis to Government House, Province House, and Halifax City Hall. AGNS has 20 full time positions, 3 part-time personnel and contract service providers who are highly-educated and well trained; they are assisted by a volunteer core of 225 people.

Affiliation

As an agency of the province, the Gallery is responsible to the Minister of Tourism and Culture. The Gallery is overseen by a Board of Governors made up of dedicated volunteers, who accept and hold a public trust, and ensure that cultural activity remains in the public domain to the benefit of current and future generations. The AGNS Board assumes responsibility, loyalty, and a duty to uphold the integrity of the organization. The role, responsibilities, and functions of a Governor must be carried out with a full understanding and appreciation of the organization. The Board of Governors promotes the vitality of the AGNS by accepting and undertaking effective fund raising efforts and providing an advocacy role.

The advocacy role of the AGNS Board of Governors is extraordinary in developing community awareness of the mission of the Gallery, in representing and interpreting the Gallery to community, government, foundation, corporate and other funding agencies; in monitoring government legislation and advising government officials on the impact of current and proposed policies; and reporting to the membership on programs and services, legislation and future planning.

Significant Challenges

The past year has been a most difficult one for the Art Gallery of Nova Scotia with the loss of the long time Director and the search for a new Director. As well, the requirement to repay a substantial portion of the Phase II project created a serious cash flow problem. The retirement of this liability will be beneficial to the Gallery in the long term; but, the short term loss of these funds will effect the Gallery in future years.

The expansion of the Art Gallery of Nova Scotia into the Provincial Building in 1998 added substantial additional operational costs while funding decreases created additional demands for self-generated funds. The AGNS manages numerous funds for continued enhancement of the organization and the programs it offers the public. While one of the Gallerys principle duties is to grow the provinces art collection 100% of all monies required for acquisitions must be raised outside the operating budget from federal grants, private donors, corporations, and members. These monies are administered through the Acquisition Fund. AGNS has an Endowment Fund, established in 1993, for the long term benefit of the Gallery. Many of these donations were given with the donor specifying restricted use and must be used and directed to these purposes.

Over the past years AGNS has made substantial improvements to the level and quality of services offered to the public. Last year and continuing next year, exhibitions of world renowned artists are being exhibited at the Art Gallery of Nova Scotia. These historically significant programs command high participation fees, are expensive to mount, complicated and time consuming for professional staff to administer. They are however, what is expected and required of the visiting public.

AGNS has an opportunity to substantially increase admission fees in the next fiscal year through the presentation of three high profile exhibitions - Canvas of War, Alex Colville and Post-Impressionists.

AGNS has proven itself as a solid cultural organization for bringing art and people together; and continues to make a contribution to the cultural life of Nova Scotians. AGNS ranks as the most important arts institution in Atlantic Canada as reported by the Centre for Business and the Arts survey.

Regardless of these recognitions of AGNS achievement and improvement in public service, the financial position of AGNS has steadily declined. Over the past several years AGNS has been forced to draw down on its Endowment Fund for operational purposes. In past years the excellent performance of the Endowment Fund Investment portfolio moderated the impact of such draw downs. However, the past two years have seen marked decline in the Investment Market and in our investment yields. Continued reliance on these funds at current levels will significantly erode the Endowment Fund over the next few years.

Decline in corporate sponsorship this past fiscal year had been exacerbated by the Gallerys inability to replace the Manager of Development. This position has now been filled and with a rebuilding of the various fundraising committees and a consolidated effort by the Development Manager and the Director, AGNS should be able to increase its self-generated revenues.

AGNS staff and volunteers are concerned about the impact on visitation of the restoration project that has recently begun to reface the exterior of the Provincial Building. The Gallery entrance is shrouded in scaffolding and visually blocked from the street. AGNS staff will be working with representatives of the Department of Transportation and Public Works to arrange for strong visual signage that will tell our visitors that we are open for business. The encasement of the building impacts on the Gallery Shop, Art Sales & Rental and the Café, and it will require strong marketing initiatives to encourage tourists, members and visitors to make the extra effort to enter the building.

Reductions in costs are necessary and the Programming/Education budget has been streamlined. Several exhibitions and programs will be eliminated for the next fiscal year.

The Gallery proposes to streamline the services provided by the Heating, Ventilation, Air Conditioning Controls provided by Honeywell and managed through the Department of Transportation and Public Works. This contract has been on a month to month basis for the past three years awaiting tender. There is a potential risk should any of the HVAC equipment break down as the less comprehensive program would not include the supplier paying for replacement, costs and may have to be absorbed by the Gallery or TPW.

In summary, the AGNS will make substantial improvements to the perception of its permanent collections, by attracting first rate gifts and making key strategic purchases, it will maximize the advantage of its permanent collections through dramatic and attractive new permanent displays. AGNS will rededicate itself to attracting and promoting major art events. Yet, it will reduce substantially the total number of smaller support exhibitions, thus effecting a considerable cost saving. It will concentrate upon marketing a positive upbeat message concerning the quality programmes available and address visitor satisfaction issues, including hours and admissions fees. Thereby, AGNS aspires to drive much larger numbers of self-generated funds through admissions and related sales, increased membership numbers and re-invigorated sponsorships. With the support of the Department of Tourism and Culture, the corporate community, members, visitors, volunteers and the dedicated professional staff the AGNS can present a year of exemplary public programmes and build steadily upon its regional and national reputation as an arts leader.

Strategic Goals

1. To be financially stable through increased funding from self-generated sources: admissions, profit centres, grant agencies, sponsorships- private and corporate by dedication to changes and actions designed to improve these outcomes.
2. To dramatically increase revenues and audience numbers through focusing resources on major exhibition projects, invigorated marketing, increase public perception of the quality of AGNS programmes.
3. To improve visitor satisfaction through improvements to the quality of the art collection, their presentation and interpretation, and to its diversity and strength through donations and targeted purchases.

4. To provide service to the public as an arts resource study centre.
5. To continue work on developing the Art Gallery of Nova Scotia in Yarmouth.
6. To contribute to the growth of tourism in the province by promoting the art collections and special exhibitions of the Art Gallery of Nova Scotia as a major destination.
7. To complete a five year strategic plan that will lay the ground work for the future of the Gallery.

Core Business Areas

1. Accumulation of knowledge in the arts

To acquire artworks for the permanent collection consistent with the mandate of the acquisition policy; to maintain related library, film and video and resource support materials, along with institutional archival records pertaining to collections, exhibitions and institutional history. To ensure proper management of the collection by documentation, maintenance of records and research.

2. Creation of knowledge in the arts

To maintain accessible library and study centres and provide support for individuals to conduct research in the arts: staff, students, interns, researchers, volunteers, members, docents, visitors.

3. Dissemination of knowledge in the arts

To make accessible to the public: art collections, special exhibitions, publications, lectures, films and events.

4. Conservation and care

To ensure the collection belonging to the Province of Nova Scotia is preserved and maintained in an environment which meets museum standards; while conducting conservation and restoration treatments using accepted practices of research, examination, analysis and documentation.

5. Lifelong-learning

To provide excellent art education programs for learners of all ages by working in partnership with individuals and community groups, schools, teachers, and artists.

6. Auxiliary services

To provide auxiliary services that benefit visitors and members while increasing funding for the Gallery - membership and volunteer programmes, Art Sales & Rental, Gallery Shop & Cheapside Café.

Priorities for 2003–2004

1. Accumulation of knowledge in the arts:

- to assess the strengths of the existing permanent collection, create a collections priority document and seek improvements in areas of identified weakness via purchase and donation and sought sponsorship.
- to acquire artworks to cohere primary collections such as The Art of Nova Scotia and Art of Atlantic Canada, Canadian Historical and Canadian Contemporary.
- pursue complementing international acquisitions via donations.
- to assess the library collections and create an action plan to enhance holdings pertinent to the collection and major program directions of AGNS.
- to implement the enhanced collections database, IO, which will greatly expand the AGNS current limited capability for collections and records management.
- to complete the site inventory of art works in the AGNS permanent collection, as well as in the NSCAD, study, and loan collections.

2. Creation of knowledge in the arts

To maintain accessible library and study centres and provide support for individuals to conduct research in the arts: staff, students, interns, researchers, volunteers, members, docents, visitors.

- To seek a new site for the library and resource centre functions and to re-open this service.
- concentrate research time on enhancing records and knowledge concerning principal displays, key artists and key masterworks in the collection.
- strive to add new junior researchers through internships and work-study programs.
- focus docent and volunteer research upon key long-term displays.
- redirect more of curators time towards larger more significant projects rather than numerous smaller minor projects.

3. Dissemination of knowledge in the arts

Collections: realign galleries to create contiguous galleries of related subjects to assist the viewer with ease of visiting and finding their way through the AGNS.

Design displays that showcase the principal artworks in the collections grouped into significant and understandable thematic groupings such as: the Art of Atlantic Canada, Canadian Historical Art etc.

To concentrate our efforts, budgets and resources upon major exhibitions of appeal to our public. Increased entrance fees will be charged for these exhibitions providing for increased admission fee revenues In the coming year the highlights will be:

- The Canvas of War.
- A nationally touring exhibition of the past ten years of the art of Alex Colville to be mounted by the Art Gallery of Nova Scotia and with financial support provided by corporate sponsorship.
- Post-Impressionist Masterworks from the National Gallery of Canada.
- Maud Lewis 100th Anniversary Exhibition.

4. Conservation and care

- to ensure as priority, key works needed for permanent displays are ready for public display.
- continue work on paintings by Frances Bannerman Jones for an exhibition of the artists work.
- to complete extensive treatment of G. Horne Russells Fundy Shore as well as research and prepare for an exhibition on its conservation for installation in the Education Gallery.
- to undertake changes in the lighting systems to better protect and display works in the galleries.
- to carry out preventive measures and conservation treatments as required.
- to investigate new technologies and materials as they relate to the field of fine art conservation.
- to make changes in the galleries covering windows and removing flourescent fixtures from use in public areas.

5. Lifelong-learning

- to provide excellent art education programs for learners of all ages by working in partnership with individuals and community groups, schools, teachers, and artists.
- to create interpretation to assist visitors in their appreciation of major permanent collection displays.
- make information educational interpretative material accessible via AGNS website.

- investigate possibility of creating audio-tour programs for major continuing displays and major exhibitions.
- to review, revise and expand the AGNS Visually Your school program focusing on adding value to the existing programs for school groups, teachers and community educators. To incorporate school program information and teacher/student resource material to the website and evaluate the docent program.
- to research, develop and deliver a 30 hour credit art education course to early childhood educators. To design and deliver a train-the-trainer art education course at AGNS for educators working with children in their early years that is being funded externally. To continue to develop the in-Gallery ECE program and art education kits to be made available as a model for early childhood educators regionally and nationally. And to continue to develop partnerships with ECE institutions and funding organizations focused on early years.
- to continue to develop AGNS outreach programs with a focus on youth with special challenges.
- to add a series of lectures for adults; to offer adult studio workshops and to expand programs to new audiences; all of which will be based on a cost recovery; and to further integrate AGNS education and public programming into the website.
- to provide a series of interactive exhibitions in the Education Gallery which draw on contemporary aspects of the permanent collection.
- to evaluate core educational programs for children, teens, families and the general public.
- and publish a collaborative arts education handbook for children based on the permanent collection and core programming ideas.

6. Auxiliary services

- seek to have the content, philosophy and values of the AGNS accurately reflected by the products and programmes of the Gift Gallery and Art Sales and Rental.
- seek means to increase volunteerism.

Budget Context

Art Gallery of Nova Scotia Operating Budget Fiscal Year 2003–2004

REVENUE

	Budget 2003–2004 ($)
Provincial Funding	**1,310,000**
Other Revenue	
Admissions	130,000
Programming Recoveries	70,000
Membership	55,000
Advertising	10,000
Cost Centres	45,000
Rental Space Recoveries	35,000
Interest	2,000
Grants	145,000
Salary Recoup - Shop	74,000
Gallery Shop	50,000
Miscellaneous Income	30,000
	646,000
Fund Raising	
Direct Mail	50,000
Western Branch	61,000
Special Events	60,000
Business Partners	200,000
Major Gifts Appeal	25,000
	396,000
Projected Revenue	**2,352,000**

EXPENDITURES

	Budget 2003–2004 (cont.)
Salaries & Benefits	930,000
Western Branch, Yarmouth	205,000
Communications	80,000
Professional Fees	20,000
Travel	35,000
Stationery, Postage	53,000
Staff Development & Training	7,000
Telephone	31,000
Delivery & Shipping	2,000
Admin Promotional	4,000
Memberships -Professional	8,000
Equipment Rental & Maintenance	20,000
Security	185,000
Insurance	45,000
Utilities	250,000
TPW Allocated Costs-Gallery South	123,000
Bldg Maintenance	50,000
Climate Control-HVAC	80,000
Elevator Maintenance	15,000
Development	50,000
Programming, Education	448,000
Permanent Collection	5,000
Vehicle	7,000
Collection Management	5,000
Conservation Lab	5,000
Workshop Supplies	10,000
Technology	10,000
Miscellaneous	3,000
Bank/Visa Charges	4,000
TOTAL EXPENSES	**2,690,000**
Net Surplus (Loss)	(338,000)
Transfer From Other Funds	
Endowment Contribution	215,000
Phase II Contribution	123,000
	338,000
EXCESS OF REVENUE OVER EXPENDITURES	—

Outcomes and Performance Measures

Core Business Area 1 *Dissemination of Knowledge in the Arts*

Outcome	Measure	Target	Strategies to Achieve
presentation & documentation of 3 major exhibitions	• number of visitors • sales of catalogues • number of other institutions accepting exhibition	25%	• corporate sponsorship • advertising • enhanced publications • increased membership
hanging more permanent collection works	• visitor and member satisfaction • visitation increase • more school tours booked	100%	• choosing works from collection • promotion and advertising

Core Business Area 2 *Conservation and Care*

Outcome	Measure	Target	Strategies to Achieve
Artworks in exhibition condition	number of works completed	100%	• off site restoration • allot appropriate time for completion of specific works
Documentation	number completed	100%	• volunteer internship

Core Business Area 3 *Accumulation of Knowledge in the Arts*

Outcome	Measure	Target	Strategies to Achieve
More diversified and representational collection	number of additional works	10–20%	• one on one meetings with various donors, artists, etc.

Core Business Area 4 *Lifelong learning*

Outcome	Measure	Target	Strategies to Achieve
Enhanced Visually Yours Program	usage	15%	• review and revision, promotion
school material provided on web	teacher satisfaction, increase school tours	100%	• summer student
Early Childhood Education Program	number of users	25	• carry out research, development and design of train the trainer program
Community Outreach	usage	youth with special challenges	• develop of programs to assist challenged youth
Adult Programs	expansion of audiences	10–15%	• addition of lectures, studio workshops
Interactive Exhibitions	booked tours, school groups	3–5	• development of new programs

Core Business Area 5 *Creation of Knowledge in the Arts*

Outcome	Measure	Target	Strategies to Achieve
Critical Information Service	use by researchers, teachers, artists, members	20%	• set up resource centre in Gallery South • seek donors to provide books, journals, periodicals, etc.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Halifax-Dartmouth Bridge Commission
Business Plan 2003–2004

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Mission

To provide safe, convenient, and reliable passage for our patrons at an appropriate cost.

Mandate

The Halifax-Dartmouth Bridge Commission was created in 1950 by a statute of the Province of Nova Scotia. With the approval of the Governor in Council, the commission has the power to construct, maintain, and operate bridges and the necessary approaches across Halifax Harbour and the North West Arm, or either of them. The commission is a self-supporting entity that operates two toll bridges, the Angus L. Macdonald and the A. Murray MacKay.

Planning Context

In recent years, the commission has undertaken a number of projects that have increased capacity, improved traffic flow, and expanded healthy transportation alternatives, contributing to an improved environment. These projects include the resurfacing and waterproofing of the MacKay Bridge, the addition of the third lane, sidewalk, and bicycle lanes on the Macdonald Bridge, the construction of the Barrington Street Ramp, as well as the installation of electronic toll collection (*MACPASS*).

From a fiscal management perspective, the commission continues to achieve financial stability and meet its obligations to bondholders. In 1997, the commission issued a $100-million Toll Revenue Bond Series 1 (maturing December 4, 2007) at an annual interest rate of 5.95 per cent. At the same time, a $30-million line of credit ($23 million outstanding) was arranged with the province. The Toll Revenue Bond Series 1 is secured by an assignment of the commission's revenues and is not guaranteed by the Province of Nova Scotia. These bonds are rated AA (low) by Dominion Bond Rating Service Limited and A+ by Standard and Poor's Ratings Group.

Strengths

During 2002, the Macdonald and MacKay Bridges carried approximately 31.6 million vehicles from which approximately $23 million in revenue was generated. On a per capita basis, the Macdonald and MacKay Bridges are among the most frequently used toll bridges in North America.

The third lane on the Macdonald Bridge and *MACPASS* are visible contributors to the efficient handling of traffic on the bridges. In just over four years, *MACPASS* has gone from zero usage to representing approximately 40 per cent of all traffic volume on both bridges. Cars and small trucks represent approximately 97 per cent of the total traffic volume, with the remaining 3 per cent comprised of large trucks and buses. The traffic volume on both bridges continues to grow. The commission's experience in intelligent transportation systems, such as electronic toll collection, is an asset in its handling of growing traffic volumes.

Risks

During the construction of the third lane of the Macdonald Bridge, a thin lightweight wearing surface was installed on the entire bridge span. This wearing surface, which protects the steel and concrete bridge decks, is not adhering properly and in some areas is breaking away, forming shallow potholes; in the short term, these potholes have been repaired. The integrity and safety of the structure is not compromised as a result of this problem.

An investigation of the de-bonding of the wearing surface on the Macdonald Bridge is ongoing. When the investigation is completed, the commission will develop an action plan to carry out the advised repairs, which will focus on the minimization of disruption to the travelling public. This de-bonding has been discovered within the warranty period provided by the manufacturer.

Opportunities

The commission continues to achieve success through the promotion of *MACPASS* as the most efficient method of toll payment. The commission's cost-effective marketing programs also contribute to the continued success of *MACPASS*. On a monthly basis, *MACPASS* currently accounts for approximately 40 per cent of total traffic volume. On average, 44 transponders were issued per business day in 2002, and *MACPASS* usage continues to grow.

During 2003, the commission will continue to market *MACPASS* as a means to reduce plaza congestion and improve the overall level of customer service. One of the commission's plans is to improve the *MACPASS* website to offer on-line enrolment and account information. The commission will also conduct surveys related to toll payment methods, to gain a better understanding of consumer behaviour and to identify points of influence.

Threats

Because the commission is an integral component of the regional transportation system, the commission plans to work towards a study to further contribute to local transportation improvements.

Increased traffic due to economic activity can be considered as both an opportunity for the commission in terms of increased revenue and a threat in terms of increased congestion. At the same time, the commission's toll revenue relies upon bridge travel; thus, an economic slowdown could have an impact on the commission's cash flow.

Strategic Goals

In order to carry out its mission, the commission has defined the following strategic goals:

- Maintain public and employee safety through ongoing review and implementation of the commission's policies, operations, and safety initiatives.
- Maintain the bridges and approaches in superior condition through a proactive continuous maintenance program.
- Maintain convenient and reliable passage by working with stakeholders to identify access and egress improvements, which will assist future capacity requirements.
- Continue to market electronic toll collection (*MACPASS*) in order to decrease traffic congestion and accommodate future traffic growth.
- Ensure that the commission's financial stability through sound financial planning and management.

Core Business Areas

As identified in our mission "To provide safe, convenient and reliable passage for our patrons at an appropriate cost," safety, maintenance, efficient transportation, and fiscal management continue to be the focus of the commission's core business.

1. Safety

The safety of the travelling public is ensured through a number of ongoing programs and new initiatives, including, but not limited to the following:

Ensuring the Safety of Bridge Patrons

Continuous monitoring of bridge traffic through video surveillance, patrolling of the bridges and approaches, and providing prompt response to incidents and accidents are two of the main functions of the Corps of Commissionaires. The commissionaires also conduct speed enforcement to reduce the average vehicle speed on the bridges.

The commission received its first mobile radar units in 2002, and they have been utilized in patrol vehicles at both bridges. These units enable staff to be more proactive with speed enforcement during bridge patrols. The commissionaires have conducted monthly speed surveys in order to establish a baseline speed, thus enabling the commission to determine the impact that speed enforcement has on speed reduction. In addition, accident summaries are produced quarterly to assist the commission in determining if the accident ratio is being reduced based on speed reduction.

To ensure the safety of bridge patrons, the commission utilizes roadway ice detection systems and implements 24-hour a day maintenance staffing during the winter months. This allows for prompt removal of ice and snow from the structures and approaches, as bridges develop ice faster than other roadways.

2. Maintenance

Maintaining a rigorous maintenance program is key to ensuring the safety of the travelling public. The commission's maintenance programs and new initiatives, include, but are not limited to the following:

Maintaining a Rigorous Maintenance Program

Following the 2001 upgrade of the MacKay Bridge power supply in 2002, the commission was able to install new roadway lighting, which improves nighttime visibility. In 2002, the commission completed the installation of strain gauges on the MacKay Bridge to measure the deflection of the steel deck during the presence of heavy vehicles. The resulting data will assist in the ongoing analysis of structural performance.

The commission's staff and consulting engineers conduct ongoing monitoring and thorough annual inspections of the bridges and approaches to identify immediate, intermediate, and high-level requirements. These requirements are incorporated into the commission's maintenance schedule and capital improvements program.

3. Efficient Transportation

The efficient management of traffic and reduction of congestion are an ongoing effort. In recent years, great strides have been made to improve traffic flow on the bridges. Some of these improvements include the resurfacing and waterproofing of the MacKay Bridge; the addition of the third lane, sidewalk, and bicycle lanes on the Macdonald Bridge; the construction of the Barrington Street ramp; and the introduction of *MACPASS*.

The provision of efficient means for cross-harbour transportation for the travelling public is achieved through many programs and initiatives, which include, but are not limited to the following:

Reduced Congestion

The commission continues to promote *MACPASS* through a number of venues and regularly assesses the opportunity to increase the number of dedicated *MACPASS* lanes. *MACPASS* usage has already surpassed the commission's targets for 2004 in terms of growth.

Constant monitoring and effective response by the commissionaires to accidents, incidents, and weather conditions helps to ensure efficient travel and also raises the level of customer service provided by the commission.

4. Fiscal Management

Financial management and stability are achieved through various business functions and activities including, but are not limited to the following:

A Thorough Budgeting Process

In order to ensure sound financial management, the commission conducts its business by maintaining the bridges in superior condition. As well, the effective collection of tolls electronically through *MACPASS* and mechanically through cash and tokens for over 31 million vehicles annually ensures the commission's sound financial management.

The commission continually reviews, develops, and implements policies, plans, and the budgeting process to support annual operating costs and capital projects. The commission's cohesive system of internal controls is key to successful fiscal management, as are assessing risk and obtaining adequate and appropriate insurance coverage for the protection of its assets and revenue stream. In addition, the commission works to ensure the most effective use of long-term borrowing and investment capabilities.

Priorities for 2003–2004

1. Safety

- In order to ensure safe passage for bridge patrons, one of the commission's main priorities is the continued emphasis on reduction of vehicle speed on the bridges. This is being accomplished through improved and vigilant speed enforcement capabilities.
- Installation of police vehicle on-board video-recording systems to enhance safety.
- The commission has adopted a revised emergency response plan, which will be a main focus of staff training and development during 2003.
- The commission will develop and implement a public safety manual, which encompasses the commission's collective efforts as they relate to public safety.

2. Maintenance

- Installation of weigh scales at the MacKay Bridge will assist in restricting overweight vehicles, thus protecting the structures from overstressing.
- Increased maintenance staffing during the winter months for expanded coverage and control of ice and snow on the structures.

- The commission will initiate research into new coating systems for potential replacement of the current bridge painting system.
- The purchase of a main cable access platform will allow for safe and improved painting of the cables.
- The commission will continue with the concrete refurbishing program, which has been ongoing.
- In 2003, the commission will begin converting to "pre-wet" salt application; this will allow for a reduction in the volume of salt used for ice control.

3. *Efficient Transportation*

- The commission will continue to market *MACPASS* through strategic promotional activities.
- Enhanced *MACPASS* customer service through access to online *MACPASS* subscription and account information.
- The commission will place patron fare indicators and enhanced messaging for *MACPASS* users in toll lanes.
- The commission will explore new technology to enhance electronic toll collection.
- The commission will conduct a study to determine the current capacity of the bridges and identify potential access and egress improvements.

4. *Fiscal Management*

Through the review, development, and implementation of policies, plans, and budgets, the commission will continue to

- effectively collect tolls both electronically and mechanically
- maintain the reliability of internal control systems
- meet obligations to bondholders
- meet capital project requirements
- manage the Operating, Maintenance and Administration budget
- use its cash flow for capital expenditures and investment for the reduction of debt.

Budget Context

	Forecast Year Ended Dec. 31, 2002 ($,000)	Budget Year Ended Dec. 31, 2003 ($,000)
Total Program Expenses—Gross Current	17,396	18,195
Net Program Expenses—Net of Recoveries	(6,819)	(6,826)
Salaries and Benefits	1,255	1,396
Funded Staff (FTEs)	25.7	28.0
By Core Business Area:		
Safety	643	682
Maintenance	1,252	1,336
Efficient Transportation	1,186	1,314
Fiscal Management	13,679	14,196
Administration	636	667
Total Gross Current	17,396	18,195
Total Program Expenses Net	(6,819)	(6,826)
Salaries and Benefits	1,255	1,396
Funded Staff (FTE's)	25.7	28.0

Outcomes and Performance Measures

Core Business Area 1 *Safety*

Outcome	Indicator	Measures	Base Year 2002	Target 2003	Target 2004	Strategies to Achieve Target
Decrease the number of accidents involving personal injury and property damage	Number of accidents per 100,000 vehicle kilometres traveled (VKTs)	Reduction of accidents resulting in personal injury or property loss	• 60 100,000 VKTs	• 58 100,000 VKTs	• 55 100,000 VKTs	• Increase staffing for winter maintenance program • Improve signage at the tolls • Driver education • Vehicle Snow Removal Program
Compliance with posted speed	Average speed of vehicles on the bridges	Reduction of the average speed as per monthly surveys	MacKay: 73.9 km/hr (Posted speed limit: 70 km/hr) Macdonald: 56.22 km/hr Posted speed limit 50 km/hr	As close to the posted speed limit as possible	As close to the posted speed limit as possible	• Maintain speed enforcement program • Driver education

Core Business Area 2 *Maintenance*

Outcome	Indicator	Measures	Base Year 2002	Target 2003	Target 2004	Strategies to Achieve Target
Bridges maintained in superior condition						
Main structures	Minimal loss of steel	Engineers' annual inspection report Periodic thickness testing	Painting staff take three painting seasons (May–Sept.) to complete the bridges			• Annual painting program • Research new coating systems
Cables	Minimal flaking and cracking of main cable coating	Engineers' annual inspection report	0% complete	25% complete	75% complete	• Purchase of a main cable access platform for painting and inspections
Piers	Elimination of concrete spalling	Engineers' annual inspection report	66% complete	73% complete	80% complete	• The commission has routinely completed major concrete repairs for the last 10 years and expects this to continue for at least five more years

Core Business Area 3 *Efficient Transportation*

Outcome	Indicator	Measures	Base Year 2002	Target 2003	Target 2004	Strategies to Achieve Target
Reduced toll plaza congestion	• Queues for token purchases and change • Queues for automatic toll lanes	Reduced number of vehicles lined up during peak period				• Increase MACPASS usage • Increase MACPASS-only lanes as volume allows
		Serviced lanes	12 vehicles	4 vehicles	4 vehicles	
		Automatic lanes	6 vehicles	3 vehicles	3 vehicles	
Increase in the number of transponders on the system	Number of MACPASS transponders in use	Greater usage of MACPASS				• Increase MACPASS usage through continuous marketing and increased distribution
		Total number of transponders on the system	36,000	54,000	62,000	
		MACPASS usage per month (Trips/% of total usage)	30%	44%	48%	

Significant changes in targets are directly related to the success of MACPASS, and thus, we have significantly reduced queues for tokens and change.
During peak travel periods, these measures and targets are different

Core Business Area 4 *Fiscal Management*

Outcome	Indicator	Measures	Base Year 2002	Target 2003	Target 2004	Strategies to Achieve Target
Reduced net debt	Capital and Sinking funds	Accumulation of capital and sinking funds	$5 million/year	$5 million/year	$5 million/year	Maintain • bridges in superior condition • efficiency of crossings • effective toll collection • good internal controls • effective budget management • good cash management
Positive cash flow	Sufficient funds to run business, preventing the use of bank line of credit	Number of times line of credit is used	0	0	0	
Meet obligations to bondholders	Fulfill covenants of the trust indenture and meet interest payment requirements	Continuance of positive bond ratings	Bond ratings AA (low) and A+	Maintain baseline	Maintain baseline	

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

In*NOVA*corp
Business Plan 2003–2004

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Mission

To provide resources that enable technology-based Nova Scotia firms to compete successfully for business anywhere in the world.

Vision

In*NOVA*corp is a leader in creating value through technology commercialization.

Planning Context

In alignment with both the provincial and federal emphasis on innovation, In*NOVA*corp continues to make a significant contribution to the rapidly growing technology industry of Nova Scotia. The corporation has transitioned to a highly focused technology innovation and commercialization organization from a research and testing facility. The corporation is in the process of executing its approved strategy, positioning it as Nova Scotia's principal commercialization agent, venture investor, and advisor to new and rapidly growing companies that are prime innovators and adapters of technology.

Both the provincial and federal economic growth strategies highlight the important role innovation needs to play in both driving the economy and accelerating the closing of this productivity gap.

In 2000 the Province of Nova Scotia released its economic growth strategy, *Opportunities for Prosperity*, which recognizes innovation as one of the fundamental pillars of our overall economic framework. It is an accepted fact that productivity accounts for the "real gap" between the Canadian and the US economies today. The main strategy to narrow the productivity gap is innovation. InNOVAcorp provides a leadership role in the strategic direction "to promote innovation: adopt and commercialize new products and technologies."

In 2002, the federal Department of Industry launched Canada's Innovation Strategy with a series of documents and nationwide workshops. A national seminar of industry, academic, and government leaders in innovation met in Toronto for two days in late November 2002, resulting in a summary paper entitled Canadians Speak On Innovation and Learning. The Government of Canada is now committed to an aggressive innovation policy agenda that focuses on the knowledge performance challenge, the skills challenge, the innovation environment challenge, and finding ways to strengthen our communities. Innovation, commercialization, and venture capital are key components of this agenda.

However, the path to a more innovative society and economy and to higher productivity requires investment. This is especially true for the start-up and developmental growth stages of the commercialization process. This is a key segment of the economy, since these companies are fuelling most of the new jobs, sales, and exports we are or could be experiencing today. In*NOVA*corp is Nova Scotia's investment in catalysing the growth of this segment of the economy and is very proud of its role.

In*NOVA*corp is an active venture capitalist, investing and managing a venture capital fund, the Nova Scotia First Fund (NSFF), complete with an active portfolio of companies. The past 12 months have been very challenging in the venture capital industry in Atlantic Canada and throughout North America. The NSFF's portfolio performance has been similar to that experienced by other venture capital companies.

NSFF currently has limited capital for new investments in promising high-growth companies, and as well, a portion of the remaining liquidity in the NSFF has been reserved for additional follow-on investments. Consequently, participating with the key strategic partners has also become more restricted. With additional investment funds, In*NOVA*corp has the experiences and relationships to substantially increase its venture investment activities in the commercialization process. The corporation is currently examining ways to raise more capital for investment and for expansion of its co-partnering activities with other venture capitalists and financial institutions.

In*NOVA*corp also provides an important component of the innovation and commercialization function of the public sector through its operation of two technology incubators that currently host over 50 early-stage technology companies, providing a mentoring and relationship management network to growing entrepreneurs.

In*NOVA*corp's key growth opportunities for incubation include completing the establishment of a grow-out business incubator for companies that have progressed beyond early-stage incubation at 101 Research Drive, optimizing occupancy at the Technology Innovation Centre and the BioScience Enterprise Centre, and increasing promotion of services to resident and affiliate clients.

The facility at 101 Research Drive is an ideal location for life sciences companies, since the building contains scientific and engineering laboratory infrastructure and equipment. The core complex at 101 Research Drive can be converted to lab space with minimal disruption, and the capital costs required for the building's upgrades are but a small portion of the facility's replacement value. A planned upgrade to the infrastructure at 101 Research Drive will help bridge the commercialization gap for the region's technology companies, ensuring that they get the support they need in the early stages of growth, when they are most vulnerable.

The 2003–2004 Business Plan continues to focus the corporation's strategic directions on increasing venture investment activities through leveraging and new funds; providing access to a "grow-out" incubator as well as specialty incubation space; and developing InNOVAcorp's virtual incubation delivery technology platform. The introduction of this on-line business guidance tool will facilitate the final stages of the integration of InNOVAcorp's product offerings and the delivery of an accelerated and comprehensive high-performance incubation service.

InNOVAcorp will continue to make a significant difference to the technology sector and the broader economic growth of Nova Scotia by accelerating technology-based companies through the commercialization process.

Performance in 2002–2003

InNOVAcorp achieved many significant objectives and milestones in the 2002–2003 business year:

- We participated in policy development activities affecting the province's knowledge sectors, ensuring that Nova Scotian companies are able to be globally competitive.
- We led the innovation and commercialization function of the public sector through the operation of our two technology incubators, our active venture capital investments, and our mentoring and relationship network; and we are a respected partner in growing strategic industries such as life sciences and information technology.
- We partnered with a number of private and public organizations to develop Nova Scotia's knowledge sectors, creating an environment where local companies can thrive and be more competitive. These partnering organizations include the Greater Halifax Partnership, BioNova, Information Technology Industry Alliance of Nova Scotia (ITANS), Telecom Applications Research Alliance (TARA), NovaKnowledge, Nova Scotia Business Inc. (NSBI), Life Sciences Development Association (LSDA), Atlantic Canada Opportunities Agency (ACOA), Industry Canada, Waterfront Development Corporation, World Trade Centre, Nova Scotia Film Development Corp., Nova Scotia BioIndustries Team, Atlantic Canada Bio-Industries Alliance (ACBA), Dalhousie University, Acadia University, University College of Cape Breton, and National Research Council.

- We continued to operate an active venture capital fund, the Nova Scotia First Fund (NSFF), a provincially based venture capital fund. This year our efforts have been directed toward growing our existing portfolio. We currently manage 14 investments, with a value of approximately $11 million. The portfolio consists primarily of investments in the applied information technology and software and the life science sectors.

- We expanded our strong network of venture capital companies to create multi-investor syndicated deals. This approach has enabled the Nova Scotia First Fund (NSFF) to leverage its investment in a range of 8–12 times when other venture capitalists, investors, and government funds are included, and to participate in larger and later-stage transactions. This results in a more diversified approach to investment risk.

- We incubated over 65 companies, both resident and affiliates, at our three sites in Dartmouth and Halifax in which 83 new employees were hired and graduated 4 companies. Since the 1987 inception of the corporation's first incubator, the Technology Innovation Centre, more than 70 businesses have graduated from the facilities. More than 84 per cent of In*NOVA*corp's clients remain operational in Nova Scotia after graduating from our incubation programs, resulting in an ongoing positive economic impact on the region.

- We began to convert our facility at 101 Research Drive into a grow-out incubation facility for companies that have progressed beyond early-stage incubation. As part of this initiative we developed with Ocean Nutrition Canada a 1200-m^2 (13,000-sq ft) pilot and manufacturing operation employing 30 new personnel and a 24/7 operation producing 900 kg (2,000 lb) of micro-encapsulated fish oil (MEFO) per day for export.

- We worked closely with Dalhousie University's Faculty of Engineering on a new co-operative venture.

- We played a lead role in the development of several major initiatives in the life sciences industry, including Nova Scotia's inaugural life sciences expo, BioPort 2002; the province's presence at the world's largest biotechnology conference, BIO 2002; and the region's life sciences industry investment attraction action committee.
- Through the partnership between In*NOVA*corp and the National Research Council (NRC) and its Industrial Research Assistance Program (IRAP), over 2,000 technical advice and support inquiries were completed, 150 information inquiries were handled through the IRAP-supported Information Specialist, and 79 projects were developed with client companies.
- We assisted companies with product development and supervised a product development project being conducted by Dalhousie Engineering students for a local company.
- We launched the on-line business guidance tool The Decision Point, <www.thedecisionpoint.com>. The Decision Point launched a partnership with the Information Technology Association of Nova Scotia (ITANS) at Softworld 2002 in September 2002 in Charlottetown and signed partnership agreements with the Canadian Advanced Technology Alliance (CATA Alliance), Canadian Association of Business Incubators (CABI), and Newfoundland and Labrador Association Technology Industries (NATI).

Strategic Goals

Nova Scotia is focused on creating conditions that help the economy to grow. At In*NOVA*corp, we believe focusing on the following goals will help the province and its innovation agency succeed:

- Assist technology-based businesses to succeed.
- Establish an environment where business leaders have the option to stay and commercialize their products and services in Nova Scotia.
- Become the provincial leader in technology commercialization.
- Build a financially viable organization.

Core Business Area

Technology Commercialization

Technology commercialization has been In*NOVA*corp's core business since it began over six years ago. High-performance incubation is a proven model to deliver technology commercialization that ensures that the business leader has access to the right resources at the right time to increase the likelihood of successfully bringing a product or service to market. In*NOVA*corp focuses on *three critical areas* of high-performance incubation:

A. Venture investment

B. Business incubation facilities and services

C. Mentoring

These three areas best utilize In*NOVA*corp's competencies and experience. By creating resources in each of these areas and coordinating the activities for maximum benefit, In*NOVA*corp will ensure that it is creating significant value for Nova Scotia's technology business leaders. These leaders will have access to a number of critical tools needed to successfully bring their ideas to market and have a greater opportunity to market their ideas from Nova Scotia. This has a significant positive impact on the economy of our province and will foster even greater opportunities in the future.

A. Venture Investment

In*NOVA*corp manages the Nova Scotia First Fund (NSFF), which is an early-stage source of capital for Nova Scotia businesses. The NSFF was formed by the Government of Nova Scotia in 1989, and In*NOVA*corp assumed its management in 1997. The investment division currently manages 14 investments with a value of approximately $11 million. The portfolio consists primarily of investments in the information, technology, and life science sectors. NSFF provides venture investment in the range of $300,000 to $500,000 for early-stage, fast-growing companies that meet the following criteria:

- based in Nova Scotia
- commercially viable product or process
- fully developed business plan
- viable financial and business model
- capable management

The overall management objective for the fund is to maximize financial return from its investments while delivering public policy investing services that contribute economic growth for Nova Scotia entrepreneurs and the province's economy generally. In*NOVA*corp's investment services are an important component of the continuum in the stages of growth of most Nova Scotia companies. Although the criteria used to determine the suitability of an investment are the same as those used by traditional venture capital firms, the stage at which NSFF's investments are made at a slightly earlier stage in a company's growth, primarily targeted on companies in the start-up stage and the developmental growth stage.

In*NOVA*corp has developed a strong network of venture capital companies to create multi-investor-syndicated deals. This approach has allowed the NSFF to leverage its investment to $105 million, an average of 13 times, and to participate in later-stage transactions. As In*NOVA*corp's early-stage investee companies mature, these relationships will continue to provide much-needed access to larger rounds of investment in the institutional and public capital markets, thus controlling expenses and maximizing financial return. NSFF's leveraging impact has contributed to increased job creation and economic growth for the Nova Scotia economy.

B. Business Incubation

Business incubators are catalysts for starting and growing businesses. In*NOVA*corp offers business incubation services and facilities to emerging technology companies so they can grow stronger, faster. Our local experience is consistent with international trends in incubation. Without assistance, roughly three out of four new firms (69 per cent) fail to make it past their first birthday[1], whereas with In*NOVA*corp's programs, more than 85 per cent of incubated companies live beyond the critical early years.[2] Since the 1987 inception of the corporation's first incubator (Technology Innovation Centre), more than 70 businesses have graduated from the facilities.

In*NOVA*corp manages two incubation facilities. The Technology Innovation Centre in Dartmouth targets companies in the information technology and engineering industries. The BioScience Enterprise Centre in downtown Halifax focuses on companies in the life sciences industry.

Since In*NOVA*corp was established in 1996, many of its technical operations have been spun out to the private sector, giving us the opportunity to redeploy the space and other resources at 101 Research Drive in strategic growth areas. During 2002–2003, we embarked on our plan to convert our facility at 101 Research Drive into a grow-out business incubation facility for companies that have progressed beyond early-stage incubation.

[1] *Failure Rates for New Canadian Firms: New Perspectives on Entry and Exit* (Statistics Canada, 2000)

[2] *Nova Scotia Business & Technology Incubation Strategy* (Gardner Pinfold Consulting Economists Limited, 1998)

C. Mentoring

The primary responsibilities of the mentoring division are threefold:

- to deliver high-quality and timely information services to clients and to key partnerships such as NRC-IRAP and the Canadian Technology Network and leverage these relationships to assist our investment and incubation clients
- to review In*NOVA*corp's current business and technology advisory services and to play a leadership role in the development and implementation of an integrated formal mentoring program tailored to the unique advisory needs of our clients and high-performance incubation
- to dedicate resources and know-how to the creation of the site philosophy, product, and content development and mentoring for the on-line business guidance tool, The Decision Point.

In*NOVA*corp currently operates a two-tier mentoring system:

- Direct support is provided one-on-one to entrepreneurs through our expert staff and through partnership arrangements with organizations such as NRC's Industrial Research Assistance Program (IRAP) and Canadian Technology Network (CTN). In*NOVA*corp offers business counselling, business planning support, and access to an extensive network of affiliates and business contacts, database sources to identify industry trends, scientific breakthroughs, competitive analysis, technical data, and trademark and patent information, customized to specific needs.
- Peer-to-peer and networking support is provided primarily through our business incubation services and facilities.

In 2003–2004, the combined mentoring network, personalized service, and on-line business guidance utilizing The Decision Point platform will become an important part of In*NOVA*corp's integrated product offering of innovation and commercialization support for Nova Scotia's entrepreneurs. These new services can be viewed as human and technology enhancements to the corporation's knowledge skills and a value add to its many partnerships in federal and provincial government organizations and the business and academic communities.

Priorities for 2003–2004

For 2003–2004 In*NOVA*corp's priorities include

- Investment, Incubation, and Mentoring will utilize the on-line business guidance tool, The Decision Point, to enhance service offerings so that In*NOVA*corp clients can benefit from the integrated approach in growing their businesses.
- Identify new opportunities for equity investments in technology, life sciences, and knowledge-based companies in Nova Scotia and make follow-on investments in existing venture portfolio companies to preserve and grow the value of our equity in them.
- Increase venture investment activities by raising an additional $8 million for investing in companies in the early stages of commercialization.
- Graduate clients that outgrow the business incubation program and maintain occupancy rates at the Technology Innovation Centre and the BioScience Enterprise Centre.
- Convert 101 Research Drive into a grow-out business incubation facility, including completing the necessary building renovations and developing a business services program, increasing the facility's occupancy rate from 40 per cent to 70 per cent.
- Develop a pool of mentors to support In*NOVA*corp's high-performance incubation activities.
- Align business processes to support the organizational structure and to effectively deliver our high-performance incubation activities.

Budget Context

	Forecast 2002–2003 ($, 000)	Budget 2003–2004 ($, 000)
Total Program Operating Expenses	4,443	4,855
Total Program Amortization	336	595
Total Program Costs	4,779	5,450
Minus Program Revenues and Recoveries	1,672	2,868
Minus NSFF Gains (Losses)	(928)	—
Net Program Expenses	4,035	2,582
Provincial Funding	2,195	2,195
Salaries and Benefits	2,718	2,927
Funded Staff (FTEs)	48	50

Outcomes and Performance Measures

Core Business Area *Technology Commercialization*

Outcome (benefit/impact)	Indicator	Measure	Base Year Measure	Target 2004–05	Strategies to Achieve Target
Technology-based companies accelerated through the 2nd/3rd stages of growth in the commercialization process	Client companies, in incubators, that exhibit growth	Economic impact (jobs)	226 jobs in incubated companies (at Dec. 31/02)	Maintain or exceed baseline year	• Provide an integrated approach to clients in growing their business • Introduce The Decision Point to incubator and investment clients • Provide networking activities • Provide training sessions • Track number of jobs created in incubation companies
		Number of graduated companies	2–4 per year	Maintain or exceed baseline year	• Provide an integrated approach to clients in growing their business • Introduce The Decision Point to incubator and investment clients • Provide networking activities • Provide training sessions
	Access to business advice	Number of business advisors and mentors serving on boards	6	50% increase	• Develop a pool of mentors
		Number of technical advice and support inquiries (IRAP)	2,150	Maintain or exceed baseline year	• Provide direct support to client companies through the partnership with National Research Council (NRC) and its Industrial Research Assistance Program (IRAP)
		Number of companies served outside Halifax Metro	No baseline available	Maintain or exceed baseline year	• Incorporate The Decision Point into In*NOVA*corp offering

Core Business Area *Technology Commercialization*

Outcome (benefit/impact)	Indicator	Measure	Base Year Measure	Target 2004–05	Strategies to Achieve Target
	Smart incubation	Specialty incubation space	No baseline available	Maintain or exceed baseline year	• Develop a cGMP facility in collaboration with a current resident client • Develop a food product development kitchen in collaboration with a current resident client • Expand 101 Research Drive into a "grow-out" business incubation facility for companies that have progressed beyond early stage incubation
Maximize shareholder value	Financial return to In*NOVA*corp	% leased space	58.5%	Increase above baseline	• Convert 101 Research Drive to a "grow-out" business incubation facility • Increase occupancy within three incubators
		Follow-on investments	2 per year average	Maintain or exceed baseline year	• New investment/follow-on investment
		New investments	19 total (at Dec. 31/02)	Increase above baseline	• Increase the number of investments • Increase venture investment fund, which would allow targeting of companies in the early stages of commercialization
		Average leverage ratio	12.9	Maintain or exceed baseline year	• Maintain or increase the leverage ratio • Invest in partnerships with existing and new venture capitalists
		Economic impact (jobs)	159 jobs in the investment companies (at Dec. 31/02)		• Track the number of jobs created in existing and new investment

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia Business Incorporated
Business Plan 2003–2004

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Mission

To deliver client-focused business solutions that result in sustainable, value-added economic growth for Nova Scotia.

Planning Context

NSBI's five-year strategic plan establishes the groundwork for the development of this and subsequent business plans. In the coming fiscal year, NSBI will maintain its focus on the identification and development of business opportunities within Nova Scotia's strategic growth sectors. NSBI will accomplish its goals, in part, by delivering three core services: business investment and financing, business attraction, and export development.

Nova Scotia's economy continues to be relatively strong; yet, there are a number of critical factors that affect business vitality. These include access to capital, the ability to attract and retain skilled workers, taxation and other business climate factors, and awareness of Nova Scotia in global business markets.

Increasingly, corporations are evaluating investment decisions on a global basis. Geography is less a barrier today than in the past, as companies look internationally for solutions that can enhance their growth and drive added value for their shareholders. The competition for corporate investment is vigorous, and it is common for large companies to "shop around," seeking the most lucrative package of incentives. These incentives may include such elements as public infrastructure investments, tax forgiveness programs, interest-free loans, grants, and reductions in business costs. Increasingly, incentives are becoming the tool of choice in the competition for company relocations. In fact, jurisdictions in both Canada and the US are aggressively targeting Nova Scotian companies, hoping to lure them to new locations by offering tax breaks and up-front cash incentives.

Economic Landscape

Canada-US Economic Conditions

In economic terms, 2002 has been a relatively flat year of economic growth for most countries. The US economy is expected to advance by 2.5 per cent in 2002, and Canada (which is clearly the leader among the G7 countries) by between 3.4 and 3.9 per cent. Comparing changes in the US economy with Canadian activity is critical because movement in the US economy greatly affects US investment in Canada. The two economies have taken very different paths in 2002.

The US economy lost momentum in the second quarter of 2002, with GDP growth slowing to 1.1 per cent, in marked contrast to the 5 per cent growth posted in the first quarter. The strength of the US dollar continues to widen their trade deficit, and losses in equity markets are affecting consumer and business confidence and, in turn, spending. Corporate IT investment, in particular, has been affected deeply.

Canada's economy presents a different picture. Strong growth in residential construction, robust increases in consumer spending, and continued improvement in trade have powered the Canadian economy in 2002. One highlight of Canada's economic performance has been strong job creation performance. In August alone, employment advanced by more than 59,000 jobs. Looking at year-over-year growth, nearly 410,000 jobs have been created since August 2001. On the other hand, the US has not been able to regain employment losses incurred in 2001.

The Nova Scotia Outlook

Nova Scotia turned in a strong performance in 2002. Recent estimates from APEC peg the economic growth at 2.9 per cent in 2002, with a forecast of 3.3 per cent in 2003. The economy's health is reflected in generally favourable labour market conditions. Total wages and salaries in Nova Scotia have grown 5.3 per cent over the first nine months of 2002. Canadian wages and salaries grew by 4.2 per cent over the same period. Nova Scotia has the lowest unemployment rate in the Atlantic Region; and it is estimated at 9.7 per cent for 2002 and forecast to be about 9.5 per cent in 2003.

One area where the Nova Scotia economy has shown improvement but still lags the rest of Canada is exports. While 2001 saw the first trade surplus in Nova Scotia (approximately $3 million) in 40 years; the province still trails all other provinces as a percentage of GDP. Nova Scotia sends 82.6 per cent of its exports to the US. New England represents Nova Scotia's most important trading partner with 40 per cent of the province's exports destined for New England each year.

The Nova Scotia Business Climate Index was released for the first time in 2002. This index assesses business climate across 52 indicators and allows for a relative ranking with other Canadian provinces. The index ranks Nova Scotia high; fourth overall behind Alberta, Ontario, and British Columbia. However, early indications are that Nova Scotia's ranking will slip in the 2003 index, perhaps to as far as sixth, largely as a result of the improved fiscal positions of other jurisdictions.

Corporations are now making investment decisions based substantially on global comparisons. Since the business climate is an increasingly important consideration, overall economic conditions in Nova Scotia and Canada and tax and fiscal decisions will directly affect Nova Scotia and its ability to compete in both the US and international markets.

Competition

Competition among international and domestic economic development agencies has increased significantly in recent years. More than 2,000 economic development agencies from international jurisdictions and other provinces compete globally for business attraction opportunities. In fact, some of these agencies are working aggressively within Nova Scotia's borders to encourage local companies to move operations out of the province.

In this competitive environment, it is not enough for Nova Scotia simply to keep pace. In a competition for relocation or site selection, reaching the final phase often requires an innovative and rich incentive package. Competition for New England investment is particularly strong. Therefore, it is vitally important that Nova Scotia's business climate rates high with potential investors, since it will be tested on a comparative basis with other competing jurisdictions. Supporting the provincial government in their core business area involved with improving the business climate has been identified as an important initiative for NSBI and will be an area of focus for the upcoming year.

While relocation criteria vary significantly among industries, they often include business costs, available incentives, quality and availability of workforce, degree and complexity of regulations, lifestyle factors and cost of living, presences of cluster activity, and infrastructure.

With this in mind, NSBI has built a strong business case for Nova Scotia. This involved identifying the province's four key business strengths:

- a highly skilled and educated workforce
- competitive business costs
- enabling infrastructure
- an excellent quality of life

Using these strengths as a framework for business attraction activities, NSBI is targeting companies that place a high value on these four factors as they relate to their specific industry sector. This framework ensures a "good fit" between Nova Scotia and companies considering the province as a potential location.

By using a strategic focus for its investment attraction activities, NSBI will be more effective, efficient, and productive in its efforts. This is extremely important, given the highly competitive environment of investment attraction and the fact that many of the province's competitors have substantially higher levels of financial and staff resources to support their business development efforts.

NSBI will assemble and coordinate the resources to attract new investment and retain successful, growth-oriented Nova Scotia companies. NSBI will devote its staff and financial resources toward achieving measured economic growth in Nova Scotia by aggressively pursuing quality business opportunities within and outside provincial borders and by ensuring that they materialize.

Strategic Goals

Sustainable, value-added growth is realized when companies that are innovative, growth oriented, competitive, fiscally strong, and knowledge based are in a position to capitalize on the current business strengths that Nova Scotia offers. To stimulate and maintain this type of growth in the province, Nova Scotia Business Inc. (NSBI) is pursuing five broad strategic goals:

- Promote the growth of new and existing businesses in Nova Scotia by enabling them to exploit business opportunities in both local and export markets.
- Attract leading-edge, sustainable businesses to Nova Scotia that will immediately and over the long term provide ongoing economic benefits to the province.
- Provide access to capital for new and existing businesses in Nova Scotia, in order to enhance value-added growth for the province's economy.
- Increase the visibility and recognition of Nova Scotia—its business climate, advantages and capabilities—at home and abroad.
- Develop an action-oriented, client-focused organizational culture that encourages, empowers, and supports high performance, entrepreneurial thinking, and professionalism.

NSBI will continue to focus its attention and resources on the achievement of these goals over fiscal year 2003–2004. In doing so, NSBI will underscore its emphasis on the following strategic growth sectors as outlined in the province's economic growth strategy, *Opportunities for Prosperity*: life sciences, IT, energy, advanced manufacturing, and learning industries. However, activities have also been identified that create and respond to incremental and sustainable business opportunities in Nova Scotia's traditional "foundation" sectors.

NSBI's goals align with the provincial government's overall goals, and specifically with the following:

- increase (over base year 1999) in provincial employment by 20,000 in 2005
- export expansion by $2 billion, or 40 per cent by 2005
- exports per person above the national average by 2010

These goals all support the creation of a business climate that encourages economic growth and an environment that enables and promotes working and living Nova Scotia.

Core Business Areas

Business Development

NSBI's role is to encourage business development and economic growth for the province. NSBI's Business Development group plays a key role in achieving this objective and focuses on two broad areas: business attraction and business growth.

1. Business Attraction

Bringing new, sustainable, and value-added business to the province is a strategic goal for NSBI. NSBI actively markets the Nova Scotia business case to prospective clients to illustrate the competitive advantages of doing business in the province. For companies considering Nova Scotia as a relocation option for all or part of their business, NSBI is a single point of contact. NSBI provides a seamless solution to clients—one that covers all aspects of their requirements, from financing and real estate to labour and equipment—by harnessing the co-operation of appropriate levels of government and private-sector organizations.

2. Business Growth

NSBI helps Nova Scotia companies develop and enhance their growth and expansion plans in both local and export markets, thereby improving their competitiveness and productivity. NSBI pays close attention to the needs of companies operating in Nova Scotia, helps companies remove barriers to expansion, and provides assistance to increase export activity by working with companies one on one. One-on-one services include assessing needs and identifying appropriate export markets, identifying opportunities for growth and business expansion, and finding strategic partners and contacts.

Financial Solutions

Capital is the fuel that powers business growth and competitiveness. Through the Nova Scotia Business Fund and Strategic Investment Funds, NSBI helps to increase access to capital for businesses operating in the province.

Nova Scotia Business Fund

NSBI utilizes the resources in the Nova Scotia Business Fund to increase access to capital for innovative, growth-oriented, and sustainable companies looking to expand their activities in Nova Scotia. Financial tools from this fund include equity financing and loans. NSBI complements the offerings of other financial services providers such as chartered banks, venture capitalists, and credit unions, as well as federal lending agencies, and targets companies operating in market niches that have a strong business case but may still experience difficulty in accessing capital.

NSBI shares the financial risk with owners and, wherever possible, other lenders and institutional investors. This maximizes the leverage on the fund while attracting capital to areas of key growth for the province.

NSBI conducts due diligence on potential clients within a structured viability and risk assessment framework. Companies that present a solid and viable business case are considered. Eligible businesses must demonstrate a sustainable competitive advantage, strong market potential, experienced and competent management, and a financial commitment from its founders and/or principals. When taking an equity position in a company, NSBI prefers to invest as part of a syndicate in order to leverage investment dollars and seeks a reasonable exit strategy.

Strategic Investment Funds

NSBI utilizes Strategic Investment Funds to provide innovative financing to companies through incentives such as payroll rebates. This financial tool recognizes a company's contribution to employment by "rebating" a percentage of their total wages according to agreed-upon milestones. Key eligibility criteria include the creditworthiness of the company, the economic impact to Nova Scotia, and the potential for growth within a key industry sector. Payroll rebate guidelines and policies outlined in the Strategic Investment Funds framework in fiscal year 2002–2003 remain relevant. However, Strategic Investment Funds will require enhancement in 2003–2004. This is needed to increase the province's flexibility when competing with financial incentives being offered by other jurisdictions and to better meet the varied needs of individual companies, particularly those operating in knowledge-based sectors.

Priorities for 2003–2004

1. Positioning NSBI as a "solution provider"

NSBI represents an innovative approach to supporting business growth for the province. NSBI provides business-focused solutions aimed at attracting companies to the province and helping existing firms grow. As a "solution provider," NSBI determines, delivers, recommends, influences, and/or integrates solutions while providing the customization required to meet the unique operating requirements of clients.

Through its efforts and the success of its clients, NSBI aims to strengthen the economy and improve opportunities available to Nova Scotians. NSBI provides tailored solutions to companies by fulfilling specific business needs that help businesses grow. As the main point of contact for businesses, NSBI plays a catalytic role, bringing together partners, information, and financial solutions, tailor-made for each client. NSBI has the right contacts and connections, a strong understanding of business markets and critical success factors, and a commitment to supporting business growth in the province.

NSBI focuses on businesses that are competitive and enterprising, growth oriented, innovative, viable, and sustainable—businesses that use to their advantage, a combination of their core competencies and the inherent strengths of Nova Scotia.

2. Target Sectors

NSBI's specific target sectors originate from the five strategic growth sectors identified as opportunities in the province's economic strategy, *Opportunities for Prosperity*. These are

- energy
- information technology
- life sciences
- advanced manufacturing
- learning industries

NSBI has gathered and analysed information on these target sectors to focus efforts and to target key prospects—particularly in energy, IT, life sciences, and advanced manufacturing. For this reason, many of the activities planned for fiscal year 2003–2004 concentrate on opportunities in these sectors. Over the next year, NSBI will continue to increase its depth of knowledge of additional opportunities within these sectors. In addition, commercial potential in the learning industries will be investigated. Even though NSBI is concentrating on these sectors, opportunities with a strong business case that arise in other industries or sectors will also be pursued in co-operation with partners.

These sectors have been identified as strategic growth sectors for the province; however opportunities within the various regions of Nova Scotia vary considerably. Each region of the province has inherent strengths that may or may not exist in other areas or in the province as a whole. Understanding these strengths is critical for NSBI to help specific regions grow successfully. NSBI will complete a regional business case analysis, which includes garnering an understanding of the businesses and business strengths in each region in the province, building a regional profile, and defining and implementing tactical plans for growth. This exercise is being carried out in close co-operation with local regional development agencies and community business development groups.

Nova Scotia has traditionally enjoyed a close relationship with the New England states, from both an economic and historical perspective. Because of the familiarity of this region, the large size of the market, the economic ties, the proximity, and the similarities in industry sectors, the northeastern US is the initial geographic target area for NSBI trade, investment, and business attraction efforts. NSBI will also continue to selectively target other areas of the US that provide a good opportunity for success.

3. Business Development

Business Attraction

NSBI has implemented a targeted, aggressive approach to business attraction based on the characteristics of successful, competitive businesses: flexible, creative, responsive, professional, targeted, client focused, and proactive. Over the next fiscal year, NSBI will continue to

- aggressively target potential clients and opportunities within the strategic growth sectors
- identify and utilize partner organizations to provide support in delivering solutions to clients
- provide excellent client relations through the implementation of an integrated customer relationship management (CRM) system
- leverage relationships with Nova Scotia companies to identify new opportunities within these companies, their partners, contacts, and industries
- communicate a powerful business case leveraging all of Nova Scotia's strengths and advantages
- be persistent and proactive

A targeted approach to business attraction requires identifying the best opportunities. Successful companies are often the best source of lead generation as they have relevant partners and contacts, know the Nova Scotia and global markets, and understand the best businesses and business practices. Leveraging successful Nova Scotia companies to identify opportunities within these companies, their partners, contacts, and industries will offer NSBI a substantial advantage.

Lead generation comes from a number of other sources as well, such as

- embassies and consulates
- site selectors and location consultants
- information and research resources such as the Internet, and research studies
- targeted marketing efforts and tools such as website and print ads
- partners such as government and industry associations
- NSBI's Business Advisory Councils in Boston and Toronto
- successful Nova Scotia ambassadors, e.g., university alumni, business leaders

NSBI uses all of these sources to generate targeted leads that flow through a sales qualification process to determine their "fit" for Nova Scotia.

Business Growth

Understanding the needs of the business community is part of the process of building and ensuring success in Nova Scotia companies. An ongoing series of visitations and relationship building activities with businesses throughout Nova Scotia provides NSBI with this knowledge and understanding. During the period of January–December 2002 approximately 400 companies in Nova Scotia were visited and surveyed through business visitations. This effort concentrates on meeting with entrepreneurs and businesses throughout Nova Scotia to identify opportunities.

NSBI has developed a new export development strategy and continues to launch export-related services to help clients increase export activity. NSBI has a distinct set of tools that clearly define services for companies, with a primary focus on in-market needs, and that can be tailored specifically to meet the needs of individual clients. The four core services are:

- Export Mapping. Identify and assess individual client export capabilities and opportunities through one-on-one counselling, market scans, and intelligence
- Market Development. Bring clients together with potential partners, distributors, and contacts
- Trade Information. Provide generic, export-related materials and contact information to potential and current exporters
- Provincial Trade Coordination. Coordinate trade events and activities provincewide, e.g., Trade Team Nova Scotia, Team Canada, and Team Canada Atlantic trade missions; Nova Scotia Export Achievement Awards

These service concepts have been well received by NSBI's key partner organizations in export (ACOA and Industry Canada) and Trade Team Nova Scotia. A pilot project is currently in progress. Refinement and roll-out will continue in the upcoming year.

4. Financial Solutions

The Financial Solutions team's existing portfolio of clients totals approximately 190 companies. Continuing to build relationships with each of these clients is critical to ensuring their success and to identifying new opportunities. NSBI will continue to focus on understanding the particular needs of existing and new clients and work co-operatively with them and financial partners to tailor financing structures that are within acceptable risk parameters. NSBI will continue to build its network of referral sources, particularly in the areas of strategic significance.

Prompt turnaround times are essential for NSBI to achieve its mission and deliver excellent customer service. The Financial Solutions team is committed to reducing the "cycle time" on all transactions and account management activities.

Nova Scotia Business Fund

The total investment portfolio, including both new investment and deals done prior to the establishment of NSBI, was $183 million as of December 31, 2002.

The Investment Framework for the Nova Scotia Business Fund in fiscal year 2003–2004 is as follows:

- The net new funding cap remains unchanged at $25 million. In addition to this, $10–15 million in cash collected from the current portfolio raises the amount available for new investment to $35–40 million.
- Annual sector investment guidelines are as follows:

– Foundation	18 per cent
– Knowledge-based (IT and life sciences)	20 per cent
– Advanced manufacturing	48 per cent
– Energy	9 per cent
– Other	5 per cent

- The individual financing limit for any one corporation is $15 million.
- The maximum percentage of the total amount of the fund available for working capital/equity investments is 25 per cent.
- The interest rate policy is a total of NSBI's cost of funds, plus an administrative premium, plus a premium based on the risk assessment.

Small businesses often find it challenging to access capital. This is particularly evident in rural areas of Nova Scotia where financial institutions are continuing to reduce their exposure. Viable companies throughout the province are experiencing difficulty in accessing term debt for expansion purposes. In the upcoming year, NSBI will specifically commit to these areas of small business lending (existing loan evaluation criteria will apply). In an effort to help increase awareness of the availability of capital throughout the province from a number of financing institutions and professional service providers, NSBI initiated the Capital Ideas Roadshow—an initiative that will be repeated in fiscal year 2003–2004.

Financial Solutions is also implementing an aggressive calling program in the upcoming year. This format will entail calling companies for potential financing opportunities based on qualified leads and referrals from partners and or existing clients.

During the next fiscal year, NSBI will also continue to:

- customize financial solutions to meet specific needs of companies
- develop new financial services to fill financing gaps in the marketplace (e.g., export financing)
- reduce the "cycle time" for all financial transactions
- improve customer service
- actively encourage and promote private-sector capital into the province.

NSBI must continue to be innovative in responding to the client's needs for financial solutions. During the coming year, NSBI will continue to identify gaps in the financial marketplace and recommend new services. NSBI will also consider introducing an investment banking service to the Financial Solutions Group.

Strategic Investment Funds

Strategic Investment Funds are commitments undertaken by the province of Nova Scotia specifically to increase the growth and development of strategic business sectors, following a thorough due diligence process. Estimates for the payout on the payroll rebate program for the current year and for fiscal year 2003–2004 are as follows:

Strategic Investment Funds

Status	Fiscal Year 2002–2003 ($)	Fiscal year 2003–2004 ($)
Existing commitments	15,800,000	16,600,000
Amount approved by NSBI	500,000	1,920,000
Total amount approved	**16,300,000**	**18,520,000**
Planned portfolio additions		1,880,000
Total overall	**16,300,000**	**20,400,000**

The primary financial tool utilized under the Strategic Investment Funds has been the payroll rebate. Payroll rebate guidelines and policies outlined in the Strategic Investment Funds framework require enhancement. The changing attitudes and expectations of businesses toward incentives, NSBI's shift to more knowledge-intensive industries, and increased competition among jurisdictions require increased flexibility and innovative new tools to meet companies' evolving needs. NSBI will develop new products and guidelines that work within the spirit of the Strategic Investment Funds but enhance Nova Scotia's ability to meet client needs while leveraging all its business strengths to compete successfully with other jurisdictions.

Business is asking for, and many other jurisdictions are already providing outside of the tax credit system, innovative research and development incentives and solutions, such as funds, repayments, tax holidays, etc. Research and Development shops in the IT, life sciences, and manufacturing sectors are important targets, so NSBI will investigate and consider options to improve on the province's R&D tools.

5. Marketing and Communications

Focused marketing and communications activities concentrate on supporting business development initiatives and positioning NSBI as an effective and efficient business-solutions provider for companies considering investment in Nova Scotia. This requires building awareness of NSBI among businesses and other stakeholders in the province and increasing the knowledge of Nova Scotia and its business advantages to jurisdictions particularly in the US. Key initiatives include:

- continue to develop marketing materials profiling Nova Scotia and its business advantages
- enhance sales tools and presentation materials to improve consistency of messaging
- redesign content and functionality of NSBI's website to increase relevance to users
- develop business intelligence strategies that identify target sectors and focus business development plans
- provide strategic marketing and communications support and event management for business development activities

Building Nova Scotia's external profile (outside the province), primarily in the northeastern US, is a key area of focus for fiscal year 2003–2004. NSBI continues to refine positioning and messages that support the core business areas. Public and media relations will be aligned to support business development efforts in target markets. Two key initiatives are outlined below.

Nova Scotia Export Achievement Awards

For the past 18 years, Nova Scotia has honoured its top exporters during the Export Achievement Awards by highlighting their significant contribution to the economy. NSBI joins forces with Canadian Manufacturers and Exporters Association and a number of public- and private-sector sponsors to pay tribute to Nova Scotia's most successful exporters and to encourage Nova Scotia entrepreneurs to increase export activity.

Nova Scotia Business Advisory Councils—Toronto/Boston

NSBI has identified two teams of business leaders in Toronto and Boston to provide contacts, advice, and leads for business opportunities for the province. Members of the Business Advisory Councils are successful business leaders with an affinity for the province or a connection by virtue of family, educational background, or business involvement. NSBI's efforts to leverage the talent and contacts of these groups will continue during the next fiscal year.

6. Partners

Strong partnerships enable NSBI to deliver effective and beneficial services to clients. NSBI works with three types of partners: financial, business development, and research:

- Financial partners are financial institutions and investment firms that, in combination with NSBI's funding solutions, provide loans or equity financing to companies that fit within the NSBI target sectors and provide substantial benefits to the province.
- Business development partners are leading Nova Scotia companies, government, learning institutions, and other organizations that have relevant information, expertise, or financial resources to contribute to an NSBI client solution.
- Research partners are focused on research initiatives. NSBI does not carry out primary research, but when information gaps are discovered and primary research is required, NSBI works with partner organizations such as industry associations and government departments to initiate and oversee research projects.

Organization

NSBI continues to build a professional, experienced and proactive team. To carry out the activities outlined in this business plan and specifically deliver on the targets outlined, requires additional resources from those utilized in fiscal year 2002–2003. This includes additional personnel and increased available incentive options.

NSBI remains committed to creating a results-oriented corporate culture where employees feel challenged and supported on both a professional and personal level. A Corporate Scorecard has been designed and implemented over the past year and is used to measure progress on a corporate level and for each business team. The progress measured is based on the five corporate strategic goals. NSBI will continue to implement and modify the scorecard to reflect ongoing changes in the upcoming year.

NSBI is also implementing a performance evaluation program based on the achievement of corporate, team, and individual goals. NSBI also recognizes the need for continued professional development and training for employees and is identifying opportunities to expand their skill sets and build on the organization's core competencies.

Budget Context

Budget Summary

	Budget Estimates 2003–2004 ($)	Forecast 2002–2003 ($)	Change from Current Budget ($)
Operating Expenses:			
Business Development	2,759,000	2,506,316	252,684
Business Advisory	1,462,000	1,414,872	47,128
Financial Solutions	1,766,000	1,788,612	(22,612)
Corporate Services	828,000	890,200	(62,200)
Total	**6,815,000**	**6,600,000**	**215,000**
Loan Valuation Allowance	2,000,000	2,500,000	(500,000)
Strategic Investments	20,400,000	16,500,000	3,900,000
Overall Total	29,215,000	25,600,000	3,615,000

Outcomes and Performance Measures

This section outlines the planned outcomes for April 1, 2003–March 31, 2004, with an indication of the strategies used to achieve these outcomes. Measures to gauge how well each goal is being met are indicated with a base for 2002–2003, where available.

In the following outcomes table, the initial measure identified for Goal 2 (Attract businesses) reflects the number of new companies that come to the province. When attracting new business investment to the province, just measuring the absolute number of new companies is not a true representation of the economic value to the province. Therefore, when evaluating whether a company is a good fit for Nova Scotia, NSBI takes into account a number of factors, including:

- financial strength and long-term sustainability
- commitment to the province and local community
- reputation as a good corporate citizen
- fit within a strategic growth sector
- ability to attract and retain a talented workforce
- value and number of jobs created
- potential economic impact and spin-offs.

The initial measure identified for Goal 3 (Provide access to capital) also measures an absolute number, in this case, the number of financings. It is not necessarily the intent to maximize the number of financings but rather to maximize the number of "quality" financings that provide incremental value-add to the province and meet demand for capital. To do this the following investment criteria must be met for each financing that occurs:[1]

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[1] Investment Criteria for Equity Financing

- significant market potential
- leading-edge product/technology with strong intellectual property
- strong experienced management team
- clear value proposition, well defined market niche, barriers to entry for competition
- sustainable competitive advantage
- exit strategy with potential for return on investment commensurate with risk
  including off balance sheet security where this is necessary to mitigate lending risk (e.g., personal guarantees)
- considerable financial commitment from owners/shareholders

Investment Criteria for Debt Financing

- solid business model
- experienced, credible management team
- acceptable equity investment in business by owners
- revenue stream with sufficient cash flow to service debt
- security over assets to be financed, plus additional security

Outcomes and Performance Measures

Core Business Area

Goal	Indicator	Measure	Base Year 2002–03	Targets 2003–04	Strategies to Achieve Target
1. Promote the growth of new and existing businesses in Nova Scotia by enabling them to export and exploit business opportunities in both local and export markets	Nova Scotia companies expand business within Nova Scotia	# of company meetings to identify opportunities or potential barriers to expansion	400 company meetings	500 company meetings	• Aggressive visitation program • Partner meetings outlining NSBI's mandate/services
	Volume and diversity of exports	# of clients assisted that increase export sales	100 clients assisted Establish baseline by Mar. 31/03	10% increase in export activity	• Export Development Strategy: Deliver tailored export development services
2. Attract leading-edge, sustainable businesses to Nova Scotia	Companies investing in Nova Scotia	# of companies that relocate part or all of their business in Nova Scotia	5 companies	8 companies	• Identify target companies within strategic sectors • Proactive contact with target companies—sector-specific value proposition and business proposal • Leverage business development partners to provide business proposal
	Flexible financial tools to attract business	# of strategic investment funds (SIF) commitments	12–15 commitments	15–18 commitments	• Develop new tools/programs in SIFs tailored to strategic growth sectors and specific company needs

Goal	Indicator	Measure	Base Year 2002–03	Targets 2003–04	Strategies to Achieve Target
3. Provide access to capital for new/existing businesses in Nova Scotia, with the intent of enhancing value-added growth for the province's economy	Incremental value investment projects	# of financings with new/existing companies (75% in strategic growth sectors) utilizing Nova Scotia Business Fund	15 financings	20 financings	• Capital Ideas Roadshow • Develop network for qualified leads and referral sources • Direct calling program on qualified leads/referrals
	Flexible financing arrangements	% Nova Scotia Fund used for equity/working capital deals	Range 20–25%	Range 20–25%	• Increase share of financing to companies in strategic growth sectors • Categorize opportunities under investment criteria/due diligence
	Partner for financing solutions	Leverage ratio of partner: NSBI	Ratio of 1:1	Ratio of 1:1	• Identify and build partner relationships to share in investment deals • Capital Ideas Roadshow
4. Increase the visibility and recognition of Nova Scotia—its business climate, advantages and capabilities—at home and abroad	External marketplace awareness of Nova Scotia and its business advantages	# of presentations on Nova Scotia's business strengths to companies, prospects, and organizations in the US marketplace	60	75	• Presentation of Nova Scotia's business case using presentations/Winstorm tool • Proactively target/meet with companies and lead generating organizations in the US • Nova Scotia ambassadors
	Awareness of NSBI's role in Nova Scotia	% increase over base measure of awareness of NSBI	Establish baseline by Mar. 31/03	2% increase	• Business and community events, e.g., Export Achievement Awards • Communication tools, e.g., website, articles, advertising

Goal	Indicator	Measure	Base Year 2002–03	Targets 2003–04	Strategies to Achieve Target
5. Develop an action-oriented, client-focused organizational culture that encourages, empowers, and supports high performance, entrepreneurial thinking, and professionalism	Customer service	% increase of clients who are satisfied with NSBI's services	Establish baseline by Mar. 31/03	5% increase	• Develop customer service guidelines—establish baseline • Customer Satisfaction Survey
	Employee awareness and knowledge levels	% increase of employees who are satisfied with knowledge of organization/business issues	Establish baseline by Mar. 31/03	5% increase	• Establish baseline • Internal communication programs and tools
	Employee training and development	% of employee participating in training and development programs	50% of employees	80% of employees	• Provide and promote training and educational programs
	Business culture—deliver results within cost management structure	Operate within annual budget	$6.60 million	$7.16 million	• Maximize operating efficiency and cost effectiveness
1–5 All goals	Jobs within Nova Scotia	# of jobs retained and created through NSBI initiatives and activities	3,100	3,700	• Attract companies to Nova Scotia • Help existing companies within Nova Scotia grow • Provide financial solutions

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia Crop and Livestock Insurance Commission
Business Plan 2003–2004

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Mission

To provide Nova Scotia farm managers with insurance products with which they can manage the financial risk associated with reduced crop yields or production animal losses due to insurable perils.

Planning Context

The Nova Scotia Crop Insurance Commission was established in 1968 to provide Nova Scotia farmers the opportunity to manage the risk of production failure. The Nova Scotia Crop Insurance Act was amended in 1978 to provide for the administration of the Livestock Insurance Program and is now cited as the Crop and Livestock Insurance Act.

The Commission reports to the Minister of Agriculture and Fisheries and is a key component of the risk management services the department makes available to the industry. The Commission administers 13 crop insurance plans and a dairy livestock insurance plan. Crop Insurance plans are delivered in compliance with the Canada Nova Scotia Crop Insurance Agreement. The agreement outlines cost sharing arrangements and administrative requirements which govern the design and delivery of crop insurance plans in Nova Scotia.

Federal and Provincial Ministers have indicated their desire to expand and strengthen the role of Crop and Livestock Insurance in the context of a national Agricultural Policy Framework (APF). Beginning in 2003, under the Business Risk Management chapter of the APF, production insurance is to be expanded to offer coverage to all commercially grown crops and livestock species. This will require the Commission to develop insurance products for crops and/or production systems which do not conform to conventional production insurance methodologies. The APF also suggests new performance measures be implemented if the province is to maintain its Federal - Provincial cost sharing arrangements.

The Commission is challenged to increase the number products and levels of services while honouring the Government's commitment maintain a balanced budget. The Canada Nova Scotia Crop Insurance Agreement imposes administrative obligations to update and re-certify actuarial methodologies for premium rates and self sustainability loads in the coming year. The Dairy Insurance Plan has operated since 1978 and has never been exposed to actuarial review of its premium rate methodologies. The outbreak of Hoof and Mouth disease in Europe (a peril covered by the plan) has led to a revision of regulations to limit the Commission's exposure and to a requirement for stronger re-insurance protection for the Crop and Livestock

Insurance Fund. Discussions with reinsurers and legal counsel have highlighted the necessity of having actuarially sound rate making methodologies developed to secure the viability of the Dairy Insurance Plan.

The Commission's IT infrastructure requires a major overhaul. The backbone of its information management capabilities is a DOS based relational database circa 1988. The software is out of production and no longer supported by the vendor. The Resources IT-CSU has ceased software support for this product leaving the Commission to arrange its own system support. This places a human resources challenge in securing in house support personnel and a financial challenge in seeking fund to replace the system. The present system does not provide the functionality required to offer the program enhancements expected under the APF.

Strategic Goals

- To support the economic growth of the province through provision of insurance products which help stabilize the incomes of agricultural businesses.
- To expand programming to include new insurance plans under conventional production insurance and introduce product innovations which broaden the income stabilization capacity of farm businesses.
- To improve service delivery to clients by reducing red tape and decreasing turn around time on client requests for program improvements.

Core Business Area

The core business of the Crop and Livestock Insurance Commission is:

1. The delivery of insurance products for production agriculture.

   Its business is conducted pursuant to Federal and Provincial regulations and in accordance with the Canada - Nova Scotia Crop Insurance Agreement. Dairy livestock insurance is offered without government support for premiums.

Priorities for 2003–2004

In support of Government's goal of developing a competitive business climate that encourages economic growth and increases jobs in Nova Scotia's rural and coastal communities, the Commission will pursue the following:

Program expansion/enhancements including:

- Offer higher coverage levels (85% of the long term average production) in accordance with the Canada - Nova Scotia Crop Insurance Agreement. This will be offered to growers of corn, potatoes, winter grains and blueberries. Higher coverage for other crops is pending OIC approval of regulations governing those plans.
- Development of acreage loss insurance options which are based on the dollar value per acre rather than the tonnage produced
- Development of weather derivative products which will allow more flexibility in valuing underlying assets and in dealing directly with the weather events which cause crop losses.

Information Technology

- In an effort to improve customer service and administrative efficiency, and reduce response time to stakeholder inquiries the Commission will pursue replacement of an antiquated programming platform in our current information management system. The current software is no longer supported by IT-CSU and private sector support is not readily available. Program enhancements / improvements cannot be facilitated within the current software architecture. A search for off the shelf replacements has been conducted without success. A term position to deal with database support and to lead development of a replacement system is being established. This position is approved through to July 2004 at which time system development and training should be complete.

Red Tape Reduction

- The Commission will continue to pursue a streamlined regulatory process which will allow more timely responses to client service and product requests.

- In the Spring of 2003 the Commission will request a revision of the Crop and Livestock Insurance Act which will allow the Commission to deliver its products in a manner consistent with insurance industry standards. This will include the ability to revise premium rates and unit prices annually according to actuarially sound methodologies and to do this in a timely manner so as to offer clients insurance coverage based on current market and risk conditions.
- The Commission will continue to update its regulations to reflect modern language and to more clearly describe how its programs effect client risk management options.

Budget Context

The Commission budget is included in the budget estimates of the Department of Agriculture & Fisheries. The Crop Insurance Agreement with AAFC provides for reimbursement of one-half of the administrative costs relative to crop insurance. Administrative costs for other programs administered by the Commission are not eligible for this cost sharing. Premiums paid by producers and the Federal Government are not included in the budget values provided.

Operational priorities outlined above have been costed and included in the budget estimate. The expected cost of replacement of the information management system has not been included in these estimates as its scope dictates inclusion on Government's scheduled expenditures on Tangible Capital Assets. The Commission is awaiting approval of this expenditure before proceeding. Other significant drivers to the increase in administration include:

Actuarial Reviews

- Under the Canada-Nova Scotia Crop Insurance agreement the Commission is obligated to have its premium rate methodology and self sustainability loads re-certified by an actuary in the coming year.
- The dairy livestock plan must be reviewed by an actuary for certification of its premium rate methodologies. This is needed to secure reinsurance protection for the fund. The reinsurance issue is particularly important in light of the resurgence internationally of hoof and mouth disease, a peril insured through the plan.

Office Relocation

- The Commission is expected to relocate its main office in Truro in the coming year. Moving expenses include the cost of re-establishing a computer network outside the government backbone.

Estimated Budget Expenditures

	Forecast 2002–2003 ($000)	Budget 2003–2004 ($000)
Revenues		
Insurance Premiums paid by Clients	438	510
Insurance Premiums Contributed by Govt (Canada)	206	240
Insurance Premiums Contributed by Govt (Nova Scotia)	206	240
Interest Income	105	105
Total Revenues	955	1,095
Expenses		
Indemnity Claims	380	1,095
Reinsurance premiums	—	200
Total Expenses	380	1,295
Net Income From Insurance Activities	575	(200)
Crop and Livestock Insurance Fund Balance		
Beginning of Year	5,712	6,287
End of Year	6,287	6,087
Administrative Expenses		
Government Contributions (Canada)	348	400
Government Contributions (Nova Scotia)	359	450
Total Administrative Expenses	707	850
Net Govt Expenditure		
Canada (Premium + Administration)	554	640
Nova Scotia (Premium + Administration)	570	690
Total Program Expenditure	1,124	1,330

Outcomes and Performance Measures

Core Business Area

Outcome	Measure	Data Base Year (2001–02)	Target 2003–04 *(optional)*	Target 2004–05	Strategies to Achieve Target
Increased Stability of Farm Businesses	Number of Farms using Crop Insurance	500	560	600	• Improve program effectiveness through higher unit prices and increased coverage options
	$ Value of Coverage	14.1 M	18.1 M	20 M	• Higher unit prices and coverage options
	Aggregate Coverage level for program	76%	78%	79%	• Increase max allowable coverage to 85% for all eligible crops
	Number of insurance products available	12	14	15	• Introduce a weather derivative and acreage loss products to increase flexibility in assessing the value of underlying crop assets.
	Months elapsed from Commission approval program implementation	12-18	8	4	• Replace Information Management software to allow in house program modification. Work with Regulation and Compliance Branch and the Department of Justice to speed up the review of Regulations and to amend the Crop and Livestock Insurance Act to allow the Commission to deliver its products in a timely manner.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia Farm Loan Board
Business Plan 2003–2004

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Mission

To promote, encourage, and support the development of agricultural and timber businesses in Nova Scotia.

Introduction

Active for more than 70 years, the Nova Scotia Farm Loan Board is an agricultural development agency supporting agricultural and rural business development through the provision of long-term loans at fixed interest rates and through financial counselling services. A Corporation of the Crown, the Board is an integral part of the Nova Scotia Department of Agriculture and Fisheries and also operates as the Timber Loan Board.

Five Board members with successful careers in agriculture and business govern policies, receive reports on operations and clients, and provide strategic direction for the Board. Day to day loan approvals and operations are delegated to staff.

Availability of credit with stable long-term rates and understanding of the agricultural industry including cyclical swings in profitability are considered to be strengths of the Board in encouraging development of this industry.

Operations and interest rates are managed so as to cover all direct costs of operation and provide a modest net income which offsets indirect costs of services provided by government to the Board and provides resources for maintenance of systems operations.

At last year-end, the Boards net farm loan portfolio totalled $158 million in 1200 loans. This represents approximately 37% of the debt capital of Nova Scotia farmers. Timber loans provided to forest mills to ensure a sustainable wood supply totalled $1.8 million with 21 accounts.

Primary stakeholders in Board operations include individual and potential borrowers, and the Province, in particular the Departments of Agriculture and Fisheries, Natural Resources, and Finance. Other important stakeholders include the Nova Scotia Federation of Agriculture and the various commodity groups, commercial lenders, equipment and feed suppliers, the wholesale and retail sectors for products produced in Nova Scotia, and others concerned with economic development within rural areas.

The Board operates as a Corporation of the Crown under the authority of *The Agriculture and Rural Credit Act, Revised Statutes, Nova Scotia 1989, Chapter 7.* This Act emphasises rural development and the effective use of credit to develop rural Nova Scotia.

The Timber Loan Board's authority is from regulations made pursuant to the *Revised Statutes of Nova Scotia, 1989, The Forest Act* in Section 20 of Chapter 179. This act provides for credit to acquire forested land for forest product mills.

Planning Context

External Context

The agricultural industry is affected by local weather and other conditions affecting production, and by conditions in competing regions which may affect general price levels for commodities produced, as well as market conditions including the effects of branding, consolidation and national purchasing, and market access. For the most part, climatic conditions were favourable in Nova Scotia during the past year however this remains a concern, as these conditions have resulted in water shortages, having varying effects depending on sector and region in the past. The expectation that similar conditions will be experienced in the future will be an influential factor in planning program needs and forecasting agricultural lending requirements.

Requirements for Board financing are influenced by levels of investment in agriculture and timber businesses, rates of capitalization, general economic conditions, and the availability of funding from commercial lenders.

Interest rates remain low since declines during the previous fiscal year. The Bank of Canada has raised its Overnight rate three times since last years low of 1.99% to 2.75%. However lending rates remain low, with Farm Loan Board rates at their lowest levels since rates became linked to matched borrowings by the Department of Finance in 1997. US rates remain low as well with no upward movement in central bank rates. The interest rate situation presents an opportunity for those requiring long-term financing, and will likely result in acceleration of capital investment and the trend towards greater reliance on technology. Short term and variable rate loans remain at rates well below long term rates such as those generally provided by the Board.

The Board offers only fixed interest loans with rates fixed for the full amortization period of the loan. Variable rates or term lengths of less than the amortization period are not offered because it is felt that those alternatives increase the risk that clients will be unable to meet future loan payments if rates increase. Rates are generally established on a quarterly basis for 1–14, 15–19, and 20–24 year periods. Information now suggests that a portion of clients, with only a few years remaining on their loans or who can repay rapidly to take advantage of lower rates, would benefit from a refinement of these lending categories. Consequently the Board is now reviewing the benefits of further splitting the shortest term category by developing a 1–5 year rate group.

Some clients wishing to take advantage of the lower short term or variable rates were able to arrange financing from commercial lenders. This has resulted in a reduction in the loan portfolio beginning January 2002 but which appears to have levelled off by December 2002. It is anticipated that short term rates will begin to rise and move closer to long-term rates during the 2003–2004 fiscal year and that request for Board financing will increase.

Technology is providing for increased mechanization and automation and is being felt in a wide range of applications. This trend is supporting a broader trend toward consolidation of agricultural operations into larger units in attempts to gain efficiency through economies of scale. Larger operations present greater difficulties in providing for inter-generational transfer of family businesses which must be addressed.

Requirements for loan capital by the forestry sector continues to be of interest to the Board, both in response to need of the industry itself, but also because of the relationship between forestry and agriculture. Many farms include woodland as part of the overall operation, and forestry management parallels crop management in many aspects including some equipment.

The Provincial budgetary situation requires that the goals of each government entity be met in a cost effective manner. The Board will seek to further these requirements by presenting a positive net income on lending operations.

Ongoing Planning Focus

Through its ongoing operations the Board will continue to counsel clients and assess new proposals by applicants as part of the service provided by loan officers during contact with clients and potential clients.

The Board recognizes that training and development is an ongoing requirement in order to understand client issues, identify and use best lending and administrative practices, and maintain a professional staff. Organizational practices must be maintained to be as efficient as possible, and to provide a level of service comparable with industry standards.

Sound environmental and business planning practices and procedures will continue to be recognized as a criteria for funding proposals and in general recommendations to clients, in order to support industry and individual growth and sustainability.

Loan officers are often a primary point of contact with those experiencing financial difficulty and must be able to recognize, not only indications of financial problems, but stresses that often accompany them. The Board is committed to ensure that loan officers are sufficiently trained to adequately deal with these contacts at a professional level, and offer suggestions for assistance when appropriate.

Professional staff, knowledgeable about the industry will follow up with clients, especially new entrants, to ensure that support is maintained and stronger businesses are developed. Additional options to reduce risk for beginning farmers will be investigated as identified during this process.

In delivering programs and services on behalf of the Department, the Board will continue to take advantage of integrated management of compatible services and to complement existing technology and systems to provide efficient and effective service with appropriate and clear accountability and reporting.

Strategic Goals

The Farm Loan Board directly contributes to the goals of the Department of Agriculture and Fisheries in its own goals, which are as follows:

- Ensure industry access to stable, cost-effective, long-term developmental credit.

  To create conditions that help the rural economy grow, support sustainable and environmentally responsible development of agricultural industries, and support development of a competitive business climate to support economic growth and increase jobs in rural communities.

- Assist in identification and analysis of growth opportunities for rural industries by promoting the use of financially sound business principles.

  To meet industry needs directly with professional public service, and through training and counselling.

- Demonstrate sound financial administration, efficiency, responsibility in administration of public funds, and accountability in the Boards own operations.

  Generate a positive net income as reported in published audited financial statements. Administer programs within guidelines and budgets.

Core Business Areas

1. Lending

Providing long-term credit for development of agricultural and timber businesses is the core business area of the Farm Loan Board. This includes loan service development, client service, and administration, efficient and responsible financial management and also includes the distinct but closely integrated area of financial counselling.

The financial counselling function is provided by loan officers in conjunction with client and potential client visits and includes financial counselling and/or project assessments of rural operations in order to assist in sourcing the best available credit, as well as promoting and participating in industry seminars and workshops.

By providing a reliable source of long-term credit the Board directly provides for development and growth of the agricultural and timber industries, and indirectly influences credit availability at reasonable rates through influence on, and partnership with other participants in the lending industry.

2. *Programs Administration*

Programs administration involves the development and implementation of Departmental loan based assistance programs in areas related to the Boards financial operations and expertise. The Weather Related Loss Provision, and New Entrants to Agriculture Programs exemplify this area of responsibility.

Priorities for 2003–2004

1. *Lending*

Provide $25 million of new loan capital to the agricultural and timber industries in the 2003–2004 fiscal year.

The focus is on development and long-term stability. Authority for advances was set at $28 million for the 2002–2003 year. Projections indicate that this will not be fully disbursed at year-end as a sharp reduction in loan requests which began during the latter part of the 2001–2002 year continued for most the current year (table page 10). Loan repayments have also been above normal levels. Both of these variations are the result of low rates offered by commercial lenders for variable rate or short-term loans. It is anticipated that the financing requirements met temporarily by short-term loans have simply deferred demand rather than eliminated the need for long-term financing. This is expected to result in high requirements during the 2003–2004 fiscal year. Total farm debt required by Nova Scotia farms grew 50% between 1996 and 2001. Given the historical rates of growth in agricultural capital requirements, $25 million of new loans will return the Board's level of support to approximately 37% of total requirements.

- Seek legislation and regulation changes to improve service and efficiency, including amendments to the Timber Loan Board regulations, and review of authorized lending limits.

  Requirements for service change as the industries and economic environment changes and develops. It is believed that the Board will be better able to support economic development in forestry related activities (including those linked to agriculture) when its lending ability is broadened to include growing and harvesting operations in addition to sawmill operations.

  Because of growth, consolidation, and increases in capital intensive production methods, many potential borrowers now exceed the Boards $1 million authority in total borrowing, requiring Governor-in-Council approval. Loans are frequently for construction or purchase of buildings or other production related assets for which there is a seasonal window of time to get the asset into production for the coming year. As compared to a regular management approved loan, additional steps at the Board to prepare and submit the request, and the Governor-In-Council process itself, may add 30–60 days to the loan approval process. Reduction in the number of these requests for routine lending situations through an increase in authorized lending limits could reduce loan approval time, improve client service and reduce demands on both the Board and Governor-in-Council.

- Enhance client service and administrative efficiency by implementing new technology and systems.

  Loan accounting and lending support systems require renewal. Alternatives have been under review for some time and a recommendation to proceed to identify and purchase a replacement system has been made. Planned implementation during the 2003–2004 fiscal year will improve service to clients, increase efficiency, and provide for additional support to other sections within the Department. It is anticipated that purchase cost of a complete integrated loan management system would be funded through the Boards retained earnings held in reserve by the Department of Finance.

- Manage accounts such that write-offs and arrears remain stable in relation to the portfolio size while maintaining a patient lender approach by supporting industries through cyclical downturns.

Lending will continue to be to viable enterprises and projects which are able to provide acceptable security to support the loan. During financially difficult times the Board is committed to assisting those operations which appear to have a long-term future and a commitment to meet their obligations. This may include deferral of payments, restructuring of debt, financial counselling or referral to other relevant services.

2. Program Administration

- Administer a New Entrants Program in concert with the Nova Scotia Department of Agriculture and Fisheries.

  This revised program, now in its third year, provides assistance with loan interest. It is intended to assist approximately 50 new entrants to agriculture, including approximately 25 inter-generational transfers in order to provide long-term stability and renewal of farm ownership.

- Explore flexible loan programs and continue to review the needs and potential for expansion and development of industry sectors in partnership with the Department of Agriculture and Fisheries and Nova Scotia Federation of Agriculture.

  This will require consultation with industry representatives as well as those of other departments. Additional avenues for support include further development of the New Opportunities Loan Program for other sectors (now available to beef producers) and the Hog Loan Support Program. No additional budget funding would be required for this type of program as these loans can be managed through the existing process.

Budget Context

Lending

The Board funds loans by arranging financing through the Department of Finance for terms similar to loans issued on a quarterly basis under an arrangement established in 1997. This arrangement allows the Board to track the cost, as well as revenues for interest on loans.

The funding arrangement has allowed the Board to move from net losses to net income of $2.2 million in 2001-2002. In 2002-2003 and subsequent years, net interest revenue (interest revenue less interest expense) will decline from previous levels because of changes to funding balances made to ensure that all loans and receivables administered by the Board are covered under the funding arrangement. Significant portions of the Boards expenses, most notably insurance costs under the Boards life insurance program, and bad debt expense are somewhat unpredictable and beyond short-term control. Subject to the effects of unpredictable variations, forecasts indicate positive returns to the province for 2002–2003 and subsequent years.

Nova Scotia Farm Loan Board

2000–2001 Actual ($ 000)	2001–2002 Actual ($ 000)	2002–2003 Forecast ($ 000)	Description	2003–2004 Budget ($ 000)
12,486	13,213	12,269	Interest	12,400
573	169	178	Insurance Operations	190
201	467	555	Fee Revenue / Recoveries	380
9	-	8	Other	5
13,269	13,849	13,010	Total Revenue	12,975
(9,961)	(10,677)	(10,401)	Interest	(10,300)
(801)	(835)	(975)	Salaries and Benefits	(1,023)
(663)	(972)	(595)	Bad Debt Expense	(530)
(128)	(157)	(145)	Other Operating	(133)
(11,553)	(12,641)	(12,116)	Total Expenses	(11,986)
1,716	1,208	894	Income before Govt. Contribution	989
929	992	1,120	Government Contribution	1,156
2,645	2,200	2,014	Net Income	2,145

Note: See Year-end Financial Statements for complete financial information and notes.

Excludes the cost of programs administered on behalf of the Department of Agriculture and Fisheries not part of lending operations.

Interest expense is established under terms of a Memorandum of Understanding arranged with the Department of Finance.

Revenues and costs are reported under different cost centres and departments. In addition, after April 2001 the Farm Loan Board cost centre is included with the Industry and Business Development division for estimate book reporting.

2000–2001 Actual ($ 000)	2001–2002 Actual ($ 000)	2002–2003 Forecast ($ 000)	Description	2002–2003 Budget ($ 000)
Capital Funds				
160,974	171,888	172,782	Opening principal	170,000
24,854	24,040	21,000	Add loan advances (excl property accts)	25,000
(13,735)	(23,000)	(23,000)	Less repayments (excl property accts)	(18,000)
(205)	210	(200)	Other	—
—	(356)	(193)	Less accounts written off	(500)
171,888	172,782	170,389	Closing principal	176,500
Allowance for Doubtful Accounts				
6,431	6,957	7,506	Opening allowance	7,908
—	(356)	(193)	Less accounts written off	(500)
526	905	595	Additions (bad debt expense)	530
6,957	7,506	7,908	Closing allowance	7,938
164,931	165,276	162,481	Net portfolio at year-end	168,562

Core Business 2—Program Administration

5,161	6,786	—	Loss Provision Program	—
706	872	600	New Entrant Program	600
Total Staff				
19.3	19.3	19.3	Staff (FTEs)	19.3

Outcomes and Performance Measures

Core Business Area 1 *Lending*

Outcome	Measure	Data	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Efficient program delivery	Net Income (before government contribution) as a % of the average active loan balance	Base: 98/99: 0.1% 99/00: 0.9% 00/01: 1.1% 01/02: 0.7% Forecast 02/03: 0.6%	0.5% or above	0.5% or above	• Maintain interest rate margins in accordance with regulations. • Minimize operating expenses by efficient operating structure, practices, training, and electronic systems.
Stable, Long-term credit available[1]	FLB Loans as a percentage of total NS Farm Debt (Based on calendar year data)	Base: 2000: 37.5% 2001: 37.0% Projected 2002: 33.0%	34.5%	36.5%[2]	• Reasonable long-term interest rates. • Trained professional staff available to identify meet needs for financial counselling and loan assistance. • $30 million in new capital support to the industry. • Explore additional opportunities and loan products (ie. Ne Market Opportunity Loans). • Facilit ransfer of Landbank and ARDA lease program properties to industry ownership.

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[1] The measure "New Loan Advances as % of net loan portfolio" has been dropped because it tends to move in the same direction as the measure "FLB Loans as proportion of total NS Farm Debt", while the latter also incorporates a comparison with industry requirements.

[2] Reduced from 37% in recognition of a shift by clients to short-term financing from commercial lenders during 2002–2003. It is anticipated that loans will shift back to long-term financing as short-term interest rates return to higher levels.

Core Business Area 1 *Lending*

Outcome	Measure	Data	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Successful clients[1] (As indicated by the proportion of accounts in difficulty)	Arrears (>$100) as percent of value of all accounts	Base: 00/01: 2.1% 01/02: 2.5% Projected 02/03: 2.5%	2.5% or less	2.5% or less	• Implement followup visit policies and track and monitor followup visits. • Monitor arrears. • Refer clients to industry resources.
	Defaulted accounts held as Real Estate as % of total of all accounts	Base: 00/01: 2.2% 01/02: 3.3% Projected 02/03: 3.3%	2.5% or less	2.5% or less	
Client Satisfaction	Combined Courtesy, Promptness, Knowledge, Commitment on client survey	Base: 00/01: 92% 01/02: 92%	90% or above	90% or above	• Monitor survey results. • Review procedures for efficiency gains. • Compare service results with commercial lenders to identify priorities for improvement.

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[1] The measure of client success formerly included Arrears and Defaulted Accounts summarized in a single statistic. These two elements have been separated to provide clearer results indications.

Core Business Area 2 *Programs Administration - New Entrant's Program*

Outcome	Measure	Data	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Prudent financial management	Total program expenditures as compared to budget	($ 000)	($ 000)	($ 000)	• Monitor programs in comparison to budget monthly.
		Base 00/01: Expended: 706 Budget: 600 + 106 = 706	600	600	• Identify additional funding sources through development and application of Federal/Provincial funding agreements.
		01/02: Expended: 856 Budget: 600 + 256 = 856			
		02/03 Projected: Expend: 600 Budget: 650			
New entrants facilitated	Number of approved applications	Base: 00/01: 48	50	50	• Counselling by professional loan officers.
		01/02: 55			• Industry awareness and monitoring suitability through consultation with industry organizations and representatives.
		Projected 02/03: 50			• Identify appropriate modifications to existing programs
					• Identify additional funding and support mechanisms.

Core Business Area 2 *Programs Administration - New Entrant's Program*

Outcome	Measure	Data	Target 2003-04	Target 2004-05	Strategies to Achieve Target
Increased interest in farm ownership[4]	Number of new entrants' remaining in farming after 5 years as a percentage of those who started	N/A	N/A	80%	• Program provides interest rate assistance for first two years on loans acceptable to a lending agency with expectation of repayment. • Requirement for business plan
More farms remain in family hands, succession planning is encouraged and pace of consolidation reduced[5]	# of transfers to younger family members using this program	00/01: 29 01/02: 18	25	25	• Counselling family farm enterprises.

The Weather Related Loss Provision Program has been completed and not replaced. Related measures have been dropped.

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[4] New measure. Data to support this measure will not be available until the 2004-2005 fiscal year when the program will have been in place for 5 years.

[5] New measure. This measure indicates the success of the program in assisting inter-generational transfers.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia Film Development Corporation
Business Plan 2003–2004

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Mission

To grow Nova Scotia's film, video, and new media industries with our partners by stimulating investment and employment and by promoting Nova Scotia's producers, locations, skills, and creativity in global markets.

Planning Context

The Nova Scotia Film Development Corporation (NSFDC) was created in 1990 under the Film Development Corporation Act as a provincial Crown corporation, following a study evaluating the economic potential of the film and video industry in Nova Scotia as a cultural industry. Initially, the corporation reported to the Minister responsible for Culture; in 1993 responsibility for the corporation was transferred to the Minister of Economic Development and Tourism (Tourism was removed from this department in 1999). In 2002, the Department of Economic Development was restructured and renamed the Office of Economic Development.

A board appointed by the Governor in Council directs the affairs of the corporation. Members of the board are appointed for terms of up to three years and may be appointed for no more than two consecutive terms. The administration of the corporation and its programs and the implementation of the board's decisions are carried out by the Chief Executive Officer assisted by the full-time staff of the corporation, including a Director of Finance, a Program Administrator, a Locations Officer, a Programs and Marketing Assistant, and an Office Administrator. The Chief Executive Officer reports to the board and has chief responsibility for all programs administered by the corporation.

The Nova Scotia Film Development Corporation has two interrelated approaches to development of the film industry in Nova Scotia. The corporation's financial programs are aimed at indigenous filmmakers, and they include equity investments, development loans, special project awards, training assistance, travel/marketing assistance, and new media development loans and equity investments. Additionally, the Nova Scotia Film Development Corporation administers the Nova Scotia Film Industry Tax Credit Program.

The film and television industry requires government assistance in order to attract incremental investment and create employment. This is not unique to Nova Scotia, but is the reality in the rest of the country, Europe, Australia, and most other areas with the exception of the United States. Canada simply does not have the population base, or viewers, required to maintain a self-sufficient industry.

The corporation makes its investment decisions with the following outcomes in mind: employing Nova Scotians, spending funds in the province, promoting the province internationally with positive spin-offs resulting in other areas such as tourism, allowing Nova Scotians to tell their unique cultural stories, and demonstrating an opportunity for the corporation to recoup some or all of its investment.

Local filmmakers employ residents of the province all year, train residents of the province in the skills required for film production, tell local stories, and create Nova Scotian intellectual property, which guarantees reinvestment of profits back into the province. In addition, local producers create the industrial base required to support the foreign or guest production activity that takes place in the province.

The second category of programs involves a locations department, which markets the province as a place in which to film. The efforts of the locations department result in attracting fully financed films and co-productions to Nova Scotia. The Locations Officer maintains an extensive library of photographs representing the entire province, and the corporation fills numerous location requests throughout the year. Locations packages include information on Nova Scotia, services available, locations photographs, and the *Nova Scotia Film and Video Production Guide*. The corporation produces this high-quality informative guide to film and video production in the province, which is a key tool used by producers and production companies when considering shooting in Nova Scotia.

The Locations and Marketing Department is responsible for fostering strong community relationships with the various regions throughout Nova Scotia (primarily through regional development authorities), as well as organizations that have or could have involvement in the film industry, typically through locations. These include, but are not limited to, federal, provincial, and municipal government departments. The primary purpose of these relationships is to educate target audiences about the economic benefit that film production will bring to their communities/organizations; to promote, collectively, the various regions of the province in an effort to attract production; to ensure that communities, organizations, and individuals are familiar with filming procedures so they are prepared to handle productions before and upon their arrival; to ensure fair and equitable treatment both of the communities/organizations and the productions themselves and to mediate any concerns that may arise; and to ensure that the corporation is aware of policies, guidelines, and applications that exist so that its clients' questions can be effectively answered.

The Locations and Marketing Department is responsible for fostering strong industry relationships with the various organizations that represent industry personnel involved in production activity. This includes, but is not limited to, ACTRA, IATSE 849, IATSE 667, and the DGC. The primary purpose of these relationships is to solicit input from the private sector on best approaches for marketing and promoting the province; to give and receive feedback on industry issues and past production activity; to work together in securing productions for the province; and to update the respective stakeholders on current production interest and activity.

The film industry tax credit is a crucial financing tool used by both local and guest filmmakers. Ensuring that the tax credit remains competitive with other provinces will be a priority of the corporation.

Investing in both local filmmakers and locations marketing contributes to the development of a stable and expanding film industry in Nova Scotia.

Nova Scotia Film Development Corporation's 2003–2004 Business Plan recognizes Nova Scotia's film industry as a growth industry at a crucial development stage. The film and television industry, as well as being a multi-million dollar industry, allows Nova Scotians to preserve their culture and display their talent with pride internationally. The film industry is labour intensive, environmentally friendly, and appealing to our youth.

During 2003–2004 the Nova Scotia Film Development Corporation faces many challenges and opportunities. The film and television industry is complex and dynamic. In order to compete in this industry, organizations must stay aware of the ever-changing environment. They must continually learn and strategically partner with other organizations to synergize talents and compete globally.

In each of the last five years, film industry production contributed in excess of $100 million to the province's economy and employed 1,600 to 2,000 Nova Scotians. The entire province benefits from these results, with films shot outside the metropolitan-Halifax area in places such as Shelburne, Chester, Lunenburg, Windsor, Cape Breton, and Ship Harbour. The growth chart in Appendix A depicts Nova Scotia's film activity as a result of its many talented filmmakers and the strategic investments made by the province of Nova Scotia.

The recent reductions in the corporation's budget allocation have meant that the corporation could not put "first-in" funds into many Nova Scotian film projects, which precludes them from competing for other film financing dollars. The corporation is counting on the province's support in the upcoming year to restore the levels of local production and continue to grow this vibrant and environmentally friendly industry. This investment will be able to lever approximately $87 million of funds from sources outside the province.

The corporation's goal is to be proactive and poised to take advantage of opportunities as they arise as opposed to being reactionary and failing to be the best that we can be.

Performance in 2001–2002

(Actual)

In 2001–2002, the Nova Scotia Film Corporation had $2.4 million available for industry investment activities, and producers accessed $8.6 million through the Nova Scotia Film Industry Tax Credit. During the 2001–2002 year, the corporation financially supported 77 local projects, which generated $89 million of production spending in the province and created approximately 1,900 jobs.

In 2001–2002 the corporation enabled the delivery of nine training and development programs resulting in learning opportunities for 588 members of the Nova Scotia film and television industry. Through these programs, 18 production opportunities were created, and emerging producers, talent, and crew developed practical skills and attained experience. Public participation in industry events, such as the Atlantic Film Festival and Reel Black Film Night, grew to 16,186, demonstrating a benefit beyond the industry development created by the corporation's sponsorship.

The year ended March 31, 2002 was a tremendous year for location requests. A total of 94 requests were filled, scripts read, location breakdowns completed with prospective areas for filming submitted and discussed with producers/members of the production team.

In 2001–2002 locations marketing activities carried out by the corporation resulted in foreign production spending of $48 million in the province. The world is discovering all that Nova Scotia has to offer through its diversity of landscapes, cultures, and people. The following is a highlight of service and guest productions that took place in Nova Scotia in fiscal 2001–2002:

- feature films and movies of the week - $42,600,000
- commercials - $3,400,000
- news and other shows - $1,200,000
- documentaries - $800,000

Performance in 2002–2003

(Projected to Year-End)

To date, 75 projects have been supported in 2002–2003. This includes seven television series, two television pilots, 20 television specials, two movies of the week, one television mini-series, 29 development projects, nine new media projects, and five sponsorships. These shows cover documentary, drama, children's, comedy, lifestyle, music variety, and public affairs genres. These projects have contributed $42,557,665 to Nova Scotia's economy so far this year.

The corporation was pleased to partner with CBC Television, Atlantic Region, to launch the CBC/NSFDC Bridge Award for emerging producers. This juried program is designed to assist emerging producers in entering the industry. Successful applicants receive a $5,000 CBC broadcast licence, a $15,000 NSFDC equity investment, and $10,000 in services from the CBC. Two awards will be offered in February each year.

The corporation received funding from the federal government to offer an eight-week youth training initiative in the Antigonish area. During the two-month program, participants partnered with a filmmaker and a work-readiness facilitator, and together they wrote, planned, filmed, and edited a video as a team. This year award-winning filmmaker Lulu Keating led the team of eight youth through the eight-week introductory-level training program. The videos were screened at the Atlantic Film Festival in September 2002, and are currently available for viewing at CBC.CA/YAS .

In 2002 the corporation invested in the delivery of Program Five by the Atlantic Filmmakers Cooperative and the Centre for Art Tapes, Film and Video Workshops by Shortworks Film and Video Training, Workshops by the Moving Images Group, and the Mentorship Program through the Centre for Art Tapes.

The corporation partnered with the National Screen Institute to develop the NSI Global Marketing Program. This program will provide learning opportunities for emerging producers to enhance their skills in selling their films at international film and television markets throughout the balance of fiscal 2002–2003 and into the future.

The corporation expects to fill approximately 90 location requests during the 2002–2003 fiscal year. To date 10 guest productions have shot in Nova Scotia, including one feature film, seven movies of the week, and two commercials. These productions have contributed close to $39 million to the province's economy.

The corporation is undergoing a major review of its promotional material including a redevelopment of its website. It continues to produce top-quality material such as the *Nova Scotia Film and Video Production Guide* and a CD-ROM and location picture book for the Shelburne area.

A film advisory committee has been proposed and welcomed by the labour unions in the province. The committee will act as a formal vehicle through which government and industry can grow guest production and address issues facing the entire industry.

The corporation implemented bi-monthly screening nights. The screening nights are open to the public and provide an opportunity for Nova Scotian filmmakers to discuss their works and showcase them to the local community. The corporation partnered with Empire Theatres to display longer form works at the Oxford Theatre.

The corporation, in partnership with the Atlantic Film Festival, conducted a familiarization tour with foreign producers during the festival.

The corporation has partnered with the other three Atlantic Canada film agencies to access funds from the Atlantic Canada Opportunities Agency for marketing the provinces as film locations. The corporation uses these funds to cover costs incurred by producers in attending film and television festival and location trade shows. The corporation will provide travel/market assistance to approximately 30 filmmakers during the 2002–2003 fiscal year.

One of the major challenges faced by Nova Scotia's filmmakers is the distance between them and the broadcasters and distributors, which are located in Toronto or Montreal. As a service to Nova Scotian filmmakers, the corporation hosts Broadcaster Forums where key decision-makers from each of the major broadcasters are brought to Halifax for two days. During these two days the broadcasters meet with Nova Scotian producers and allow them to pitch television show proposals. These forums have been very successful, and without exception, Nova Scotian producers have been able to access licence fees or development monies as a result of these forums. A forum was hosted May 2002, and another was held in November 2002. The November forum included distribution companies for the first time.

A New York trade mission brought eight Nova Scotian companies to New York. Over 50 meetings were scheduled with more than thirty individual New York companies during the two-day period, and the mission was deemed a success by all of the Nova Scotia producer participants. Meetings were scheduled with broadcasters, distributors, and independent production companies. The goal of the mission was to forge new partnerships and raise funds. A similar mission will be organized and implemented for the Los Angeles market by year-end.

Strategic Goals

- To cultivate the economic and export potential of Nova Scotia's film, video, and new media industries.
- To provide support to Nova Scotia's film, video, and new media industries.
- To provide effective corporate service and accountability to government and industry stakeholders.

Core Business Areas

1. Economic and Export Potential

Development of Nova Scotia's film, video, and new media industries through investment, marketing, and tax credit activities and programs.

2. Industry Support

Support the advancement of Nova Scotia's film, video, and new media industries through professional development opportunities and partnerships with government, private-sector, and industry stakeholders to optimize resources.

3. Corporate Service and Accountability

Deliver effective corporate service to the government, the corporation's board, and the industry by investing strategically in locally produced projects and supporting guest production, which in turn, employs Nova Scotians and supports local businesses. The NSFDC maintains industry statistics and produces monthly financial statements, an annual report, and regular reports to stakeholders.

Priorities for 2003–2004

1. Economic and Export Potential

Development of Nova Scotia's film, video and new media industries, with priorities including the following:

Investment Programs

Equity Investment, Development Loans, and New Media

The corporation will invest in qualifying Nova Scotia film productions to a maximum dollar participation of $250,000 per project. The investment triggers other sources of financing and enables producers to make their films while employing Nova Scotians.

The corporation provides development loans up to $25,000 per project to a maximum of one-third of the budget. These loans enable producers to develop their ideas to a stage where they can be pitched to investors.

The corporation provides equity investment up to $50,000 per new media project to a maximum of one-third of the budget for projects such as CD-ROMs and Internet-delivered programs.

Travel Assistance for Market Development

The corporation provides assistance for local producers to attend markets and festivals with the goal of selling completed works or attracting co-production partners for projects in the development stage.

Marketing

The corporation will implement the 2003–2004 marketing plan with highlights including:

- regular trade missions to targeted markets
- the creation of a new website for the corporation featuring a more user-friendly format and a section for guest producers
- continued participation in international markets, trade shows, and events

Film Industry Tax Credit

The film industry tax credit is a labour-based tax credit of 30–35 per cent of eligible Nova Scotia labour, capped at 15–17.5 per cent of the total production budget depending on where the production is shot. The tax credit is a key financing tool used by producers to complete their film and television projects. Both local and guest producers access the tax credit.

2. Industry Support

Support the advancement of Nova Scotia's film, video and new media industries, with priorities including the following:

Provide and Support Professional Development

Training Organizations

The corporation invests in the continued professional development of Nova Scotian filmmakers through organizations such as the Moving Images Group, the Atlantic Filmmakers Cooperative, the Centre for Art Tapes, and the Shortworks program.

Bridge Award

The corporation partners with CBC Television, Atlantic Region, to provide the CBC/NSFDC Bridge Award for emerging producers. This juried program is designed to assist emerging producers in entering the industry. Successful applicants receive a $5,000 CBC broadcast licence, a $15,000 NSFDC equity investment, and $10,000 in services from the CBC. Two awards will be offered in February each year.

FirstWorks

The FirstWorks program is a hands-on film and video production curriculum with a work-readiness and leadership development component. The eight-week program provides an opportunity for youth between the ages of 18–29 to work as a team in the writing, planning, shooting, and editing of film videos. The goal of the program is to open the doors of the film industry to youth participants, many of whom obtain employment or advance to further training programs in the film and television industry after completing the program. The corporation will license this program to interested communities.

Sponsorships and Other Events

The corporation supports industry events such as the Atlantic Film Festival and Reel Black Film Night. In addition, it offers the annual Broadcaster Forum, providing access to national broadcasters; the Business Issues seminar, which brings relevant industry expertise to Nova Scotian producers; and other pitching, market readiness, and business development events.

Partnerships

Atlantic Canada Film Partners

Atlantic Canada Film Partners (ACFP) is a partnership with Nova Scotia, Newfoundland, New Brunswick, and Prince Edward Island, formed to increase the general production of film and television in the region, thereby generating more jobs in the film industry, encouraging foreign investment, and increasing the feasibility of productions in this region. Through ACFP, producers have access to international marketplaces, strategic professional development, business-planning services, and industrial research. ACFP is financially supported by the Atlantic Canada Opportunities Agency (ACOA).

Film Advisory Committee

The purpose of the Film Advisory Committee is to provide a mechanism through which government and industry can work collectively to promote and grow the guest production segment of Nova Scotia's film industry and address opportunities and issues with regard to location shooting, to the benefit of Nova Scotia and the industry as a whole.

3. Corporate Service and Accountability

Deliver effective corporate service to the government, the corporation's board, and the industry. The NSFDC maintains industry statistics, produces monthly financial statements, an annual report, and regular reports to stakeholders.

Red Tape Reduction

Some initiatives recently undertaken by the corporation in an attempt to reduce red tape and provide a business-friendly environment include providing program guidelines on line, accepting on-line applications, and decreasing the turnaround time for processing tax credits. The corporation's priorities for red tape reduction include removal of barriers, streamlined processes, information dissemination, industry advocacy, client turnaround time, facilitation of connections, and regular reporting and communication of information to all stakeholders.

Budget Context

The film and television industry is a growth industry which makes a significant contribution to the province's economy. For each dollar the province invests in the film industry, including tax credit registrations and the Nova Scotia Film Development Corporation programs, in excess of $20 are attracted to the province from private investors and the federal government, placing the corporation's programs in the position of providing high-value programs at a low cost to the province.

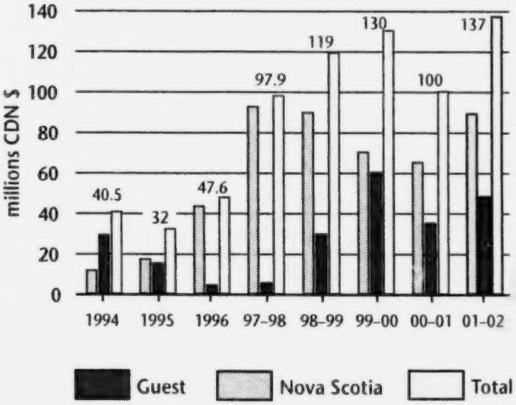
The following budget reflects a contribution of $2,500,000 from the Government of Nova Scotia.

Budget March 31, 2004

	Budget 2002–2003 ($)	Budget 2003–2004 ($)
Contributions		
Nova Scotia government	2,388,200	2,500,000
Recovery of equity investments and development loans	150,000	150,000
Federal government: ACFP	75,000	75,000
Federal government: FirstWorks	100,000	—
Interest Income	25,000	25,000
Total Revenue	2,738,200	2,750,000
Disbursements		
Programming	2,134,500	2,110,500
Atlantic Canada Film Partners	75,000	75,000
Administrative (a)	367,700	385,500
Advertising and marketing (b)	161,000	179,000
Total Expenses	2,738,200	2,750,000
Administrative Expenses (a)		
Salaries and benefits	295,000	295,000
Telephone and fax	5,700	6,000
Staff training	4,000	5,000
Bank charges	1,500	1,500
Consultants	5,000	7,000
Courier	5,000	6,000
Dues and fees	3,000	4,000
Insurance	1,500	2,000
Conferences and marketing	2,500	3,000
Board	13,000	13,000
Repairs and maintenance	1,500	2,000
Capital equipment	2,000	10,000
Office	14,000	15,000
Copier and fax rental	4,000	5,000
Postage	5,000	6,000
Professional fees	5,000	5,000
Total Administrative	367,700	385,500

	Budget 2002–2003 ($)	Budget 2003–2004 ($)
Advertising and Marketing (b)		
Business travel	40,000	40,000
Locations	35,000	40,000
Advertising and marketing	27,000	30,000
Familiarization tour and marketing materials	30,000	30,000
Annual report	6,000	6,000
Location scouts	9,000	9,000
Library update	—	10,000
Photos and location services	8,000	8,000
Website	6,000	6,000
Total Advertising and Marketing	161,000	179,000

Growth of Nova Scotia Film Industry 1994 – 2002



	NS	vs.	Guest*
	(millions CDN $)		
1994:	11.5	vs.	29
1995:	17	vs.	15
1996:	43.3	vs.	4.3
97–98:	92.5	vs.	5.4
98–99:	89.5	vs.	29.5
99–00:	70	vs.	60
00–01:	65	vs.	35
01–02:	89	vs.	48

Source: Nova Scotia Film Development Corporation

* Please note that "Guest" production refers to non-Nova Scotia projects filmed in Nova Scotia.

Outcomes and Performance Measures

Core Business Area 1 *Economic and Export Potential*

Outcome	Indicator	Measure	Base Year 2002–03	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Contribute to Nova Scotia's economy by maximizing, with the resources available, the economic potential of the film, television, and new media industries	Film, video, and new media production levels	Production spending	Estimate $120 million	$132 million	$145 million	• Implementation of a strategic marketing plan • Continuation of the NS Film Industry Tax Credit • Continuation of investment programs with potential revisions to make programs more strategic and responsive to the needs of the industry

Core Business Area 2 *Industry Support*

Outcome	Indicator	Measure	Base Year 2002–03	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Advancement of film, video, and new media industry producers and personnel in Nova Scotia	Availability of professional development opportunities	Client feedback. Number of people going through training programs	N/A* N/A*	50%	70%	• Ongoing research into the gaps in industry and identifying solutions • Establish programming to meet client needs and client survey

* New measures of industry support

Core Business Area 3 *Corporate Service and Accountability*

Outcome	Indicator	Measure	Base Year 2002–03	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Efficient and effective corporate service	Improved service delivery	Availability of resources on line	70%	85%	100%	• Making program guidelines, production guide, budget guide, and additional program information available on-line
	Records management	Effective archive system	20%	30%	50%	• Research and adopt an archive system and begin implementation

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia Fisheries and Aquaculture Loan Board

Business Plan 2003–2004

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Mission

To serve, develop and optimize the harvesting segment of the Nova Scotia fishing and aquaculture industries, for the betterment of our coastal communities and the province as a whole.

Planning Context

Nova Scotia is the leading fishing province in Canada, a nation which is known as a world fishing power. We are fortunate to have a diversified industry which can survive and prosper on its strengths while various segments suffer cyclical downturns. Our commercial fishery alone has an annual landed value of approximately $753 million, a market value of approximately $1.1 billion and our aquaculture and recreational fishery sectors generate $130 million more. The industry is the main employer in many regions of the province and drives the economies of our coastal communities.

As our fishery moves into the 21st century, we must maintain and enhance the traditional components of the industry which over time have provided us with success. We must build on these segments, seeking out and developing new opportunities in aquaculture, the recreational fishery, coastal zone management, under utilized species and the processing sector. Whether it be with areas of provincial jurisdiction or with the marine fisheries which are administered federally, personnel from the Nova Scotia Fisheries and Aquaculture Loan Board must play an active role to ensure that fisheries policies and management strategies are good for Nova Scotia and the industry in this province. Our fishery is more than a way of life, it is a successful business; we must strive to keep it productive and internationally competitive.

The Nova Scotia Fisheries and Aquaculture Loan Board and its predecessor has served the province and the fishing industry since 1936, by providing long term stable development funding. The Board operates under the authority of the Fisheries and Coastal Resources Act. This Act, by its name, emphasizes the coastal community development focus of the Board's operations.

Financing the growth of the coastal communities in Nova Scotia can best be accomplished, in continued cooperation with other lenders, through the programs and services of the Nova Scotia Fisheries and Aquaculture Loan Board. Through this Board the Nova Scotia government will ensure it has a cost effective, positive, focussed and beneficial influence on the development of the fishing and aquaculture industries and of coastal Nova Scotia.

For a number of years a priority of the Department and the Loan Board was the lending of funds to aquaculturists to setup new aquaculture operations or to expand existing sites. This emphasis has changed due to the non-performance of aquaculture loans granted by the Fisheries and Aquaculture Loan Board. Loan requests from this sector are examined more closely and nine recommendations have been put in place to assist Loan Board staff and Loan Bard members in the assessment process.

The Fisheries and Aquaculture Loan Board borrows funds from the Department of Finance on a quarterly basis. The Department of Finance marks up the interest rate 15 basis points and the Loan Board increases this rate by at least 1.75% thereby guaranteeing the Province a profit on the Boards loan portfolio. For the fiscal year ending March 31, 2002 the Loan Boards surplus was $1.5 million as per the Office of the Auditor General. With this financial arrangement in place the Loan Board can fulfill the expectations and service needs of the fishing industry by providing long term stable development funding which will enable the fishers of Nova Scotia to take advantage of economic opportunities to maximize jobs and growth.

The Fisheries and Aquaculture Loan Board must, on a continuing basis, watch for any changes in the federal government fishery policy which would effect the repayment ability of the fishers of this Province. The Marshall decision has had a beneficial effect on the Nova Scotia boatbuilding industry and on the used boat market in Nova Scotia. The federal government is purchasing, for the native community, used boats from our fishers who then have a new vessel built at a Nova Scotia boatyard and finance the new boat with the Fisheries and Aquaculture Loan Board. The federal government is also having new vessels built at Nova Scotia boatyards for the native community which has greatly increased the revenue for many boatshops. This trend of increased boatbuilding activity, should continue well into 2003, therefore; keeping the loan activity of the Loan Board at a very high level.

As a result of the September 11, 2001 crisis fish prices declined on a temporary basis. Prices have increased and stabilized and are back up to pre-crisis levels. The Fisheries and Aquaculture Loan Board monitors these prices on a weekly basis.

Strategic Goals

The Fisheries and Aquaculture Loan Board supports the goals and priorities of the Government of this Province and of the Department of Agriculture and Fisheries.

The Board's strategic goals support the Government and the Department by:

- Increase access to stable, fixed rate, long term developmental financing.

- Increase production and market value from the fishing and aquaculture industries in Nova Scotia.
- Increase the productivity and competitiveness of the boatbuilding and harvesting sectors in our coastal communities.
- Replace the older vessels in the fleet with modern efficient boats or upgrade these older vessels to meet today's safety and efficiency standards

Core Business Areas

In order to carry out the Board's mission and that of the Department of Agriculture and Fisheries, the Board is involved in the following four core business areas:

1. Providing long term fixed rate loans for the development of the harvesting and aquaculture sectors of the fishing industry.

Government developmental financing is required for the harvesting sector as the chartered banks consider lending to this sector to be high risk. Aquaculture financing is also necessary as this sector is a developing industry which the banks believe to be very high risk.

2. Maintain a vessel inspection program for all new construction, used vessel purchases and engine and equipment loans.

A vessel inspection program is necessary for new boat construction to ensure that the boats are built to rigid Loan Board standards. Used vessels and vessels related to engine and equipment loans are inspected to ensure that the funds lent are secure in the value of the boat.

3. Maintain a loan collection program on a monthly basis to keep loan arrears to a minimum.

Each and every lending institution must have an effective collection program to reduce arrears and keep writeoffs to a minimum.

4. Provide financial counselling and assessments for proposed projects.

Financial counselling ensures that customers manage their income and resources wisely and assists the Loan Board's repayment record. Project assessments help the industry to be successful and also reduces the potential of delinquent accounts.

Priorities for 2003–2004

In keeping with the goals for the Board, Department of Agriculture and Fisheries, and Government, the following represents the Board's priorities for 2003–2004.

1. *Providing long term fixed rate loans for the development of the harvesting and aquaculture sectors of the fishing industry.*

- Provide $25 million of developmental funding to the fishing and aquaculture industries.
- Continue to assess new loan proposals by applicants and to council clients.
- Continue to review the loan approval process by adjusting the loan approval limits and the time of approval.
- Review loan approval conditions to stream line the loan process after approval.
- Facilitate the replacement and upgrading of older vessels in each fleet.

Note: Reviewed 224 loan applications during the 2001–2002 fiscal year.

2. *Maintain a vessel inspection program for all new construction, used vessel purchases and engine and equipment loans.*

- Each new vessel is inspected biweekly during construction to ensure that they are built to rigid Loan Board standards.
- All used vessels financed by the Loan Board, as well as vessels for engine and equipment applications, are inspected to ensure that they are built to Loan Board standards. Inspections also guarantee that the funds lent by the Loan Board are secure in the value of the boat.
- Carry out annual maintenance inspections on Loan Board financed vessels to ensure continued loan security and equity.
- Check and approve builder construction plans and boat specifications to ensure that they meet Loan Board standards.
- Assist boatbuilders by giving technical advise which relates to the preparation of plans and drawings for Canadian Steamship Inspection approval and technical assistance which relates to the construction of new vessels.

Note: Carried out 656 new vessel inspections and 611 inspections of another nature during the 2001–2002 fiscal year.

3. Maintain a loan collection program on a monthly basis to keep loan arrears to a minimum.

- To review Loan Board arrears on a monthly basis to determine the proper course of action required.
- Continue to write letters, make phone calls and field visits in an effort to collect delinquent accounts.
- Monthly collection visits to clients reduces the arrears outstanding and minimizes writeoffs.

Note: The arrears percentage has been reduced to 3.4% as of March 31, 2002 from 4.1% on March 31, 2001.

4. Provide financial counselling and assessments for proposed projects.

- Continue to review and analyse applications for funding and various other projects.
- Assess the profitability of financing vessels which engage in the harvesting of non-traditional species.
- Investigate new loan programs with flexible terms which will assist the fishing industry.
- Continue to partner with industry, other lenders and other government departments to improve financial information and develop combined lending packages for our clients.
- Assist boatbuilders, harvesters and aquaculturists in obtaining working capital lines of credit from the chartered banks.

Budget Context

Fisheries and Aquaculture Loan Board Estimated Budget Expenditures

	Forecast 2002–2003 ($ 000)	**Budget 2003–2004 ($ 000)**
Total Program Expenses: Gross Current	699	704
Net Program Expenses		
Net of Recoveries	529	530
Salaries and Benefits	557	580
Funded Staff (FTEs)	10.0	10.0

	Budget Year Ending Mar. 31, 2004 ($ million)	**Forecast Year Ending Mar. 31, 2003 ($ million)**	**Actual Year Ending Mar. 31, 2002 ($ million)**	**Actual Year Ending Mar. 31, 2001 ($ million)**	**Actual Year Ending Mar. 31, 2000 ($ million)**
Advances	25.0	25.0	18.9	18.5	14.1
Principal Payments	11.0	10.0	10.7	9.0	8.9
Interest Payments	5.1	5.0	4.4	3.6	3.2
Loans Receivable	69.0	78.0	60.7	52.6	43.1
Doubtful Accounts	1.0	0.9	1.1	1.1	1.0
Interest Expense	3.7	4.2	3.2	2.7	2.4
Net Income	2.0	2.5	1.5	1.0	0.9

Outcomes and Performance Measures

As stated previously the Core Business Areas of the Loan Board are:

1. Providing long term fixed rate loans for the development of the harvesting and aquaculture sectors of the fishing industry.
2. Maintain a vessel inspection program for all new construction, used vessel purchases and engine and equipment loans.
3. Maintain a loan collection program on a monthly basis to keep loan arrears to a minimum.
4. Provide financial counselling and assessments for proposed projects.

In order to fulfill these Core Business Areas the Board has developed outcomes, indicators, measures, targets and strategies to achieve these targets. These details are stated in the attached material which forms part of the Board's Business Plan.

Outcomes and Performance Measures

Core Business Area 1 *Providing long term fixed rate loans for the development of the harvesting and aquaculture sectors of the fishing industry*

Outcome	Measures	Data 2000–01	Targets 2004–05	Strategies to Achieve Target
Sustainable fishery and aquaculture industries	Industry income	Industry income ($648. m) (Base)	Industry stability	• Continued interaction with the industry and government. • 2001–2002 Industry income was $753 m
Increase lobster landings and sales	Average individual fishers income (lobster)	Individual fishers income ($83,478) Average lobster income (Base)	Increase average income levels (lobster) 2% per year	• Lending to meet industry needs. • Development of new lending programs. • Implementation of revised payment schedules. • Individual lobster fishers average income now $106,386.
Development of new fishery enterprises	Loan advances	Loan advances ($18.5 m) (Base)	Increased annual advances	• Working with industry and government. Provide financing for the harvesting of underutilised species. Loan advances as of March 31, 2002 was $18.9 m.
Maintain and create jobs in Nova Scotia	Creation and maintenance of jobs	Creation and maintenance of jobs (7,992) direct & indirect (Base)	Maintain and create jobs in Nova Scotia	• Provide long term fixed rate loans. • Support new industry initiatives. (Estimate now 8,084 jobs).
Improve lending programs for the fishing and aquaculture industries	Increase in loan portfolio	Increase in loan portfolio ($53. M) (Base)	Increase of 15%	• Support financially viable operations. As of March 31, 2002 the loan portfolio was $60.7 m

Core Business Area 2 *Maintain a vessel inspection program for all new construction, used vessel purchases and engine and equipment loans.*

Outcome	Measure	Data 2000–2001	Target 2004–05	Strategies to Achieve Target
Inspect each new vessel under construction biweekly	Number of new vessels inspected biweekly	Number of new vessels inspected biweekly (511 annually) (Base)	All new vessels under construction to be inspected biweekly	• Adequate operating budget. • Biweekly inspection report. • Biweekly progress payments to boat builders. (As of March 31, 2002, 656 inspections were done).
Inspect each vessel which is financed by the Board on a yearly basis	Number of vessels inspected	Number of vessels inspected (523 annually) (Base)	All vessels to be inspected annually	• Adequate operating budget to inspect each vessel yearly. • A completed survey report on each vessel per year. (As of March 31, 2002, 532 inspections were done). Maintain an equity position in each vessel financed by the Loan Board.
Ensure that vessels related to used boat, engine and equipment applications are appraised biweekly	Number of vessels inspected	Number of vessels inspected (106 annually) (Base)	Biweekly inspections	• Adequate operating budget to inspect on a biweekly basis. • An inspection report to be completed biweekly. (As of March 31, 2002, 112 inspections were done).

Core Business Area 3 *Maintain a loan collection program on a monthly basis to keep loan arrears to a minimum*

Outcome	Measure	Data 2000–01	Target 2004–05	Strategies to Achieve Target
Frequent collection activity	Percent of accounts in arrears	Percent of accounts in arrears (4.1%) (Base)	3% arrears level	• Adequate operating budget to collect via field visits monthly. (As of March 31, 2002, 3.4% of accounts were in arrears). • Sufficient staff to collect monthly.
Decrease in arrears level	Percent of accounts in arrears	Percent of accounts in arrears (4.1%) (Base)	3% arrears level	• Fisheries Loan Board loans secure in the value of the boat. • Loan balances reducing as per repayment schedule. (As of March 31, 2002, 3.4% of accounts were in arrears).

Core Business Area 4 *Provide financial counselling and assessments for proposed projects*

Outcome	Measure	Data 2000–01	Target 2004–05	Strategies to Achieve Target
Harvesters successfully expand their operations	Increase in fishers income	Increase in fishers income (Base)	5–10% annual increase in fishers gross stock	• Suitable lending programs. • Well trained staff. • Landed value increased from $648 m to $753 m
	Percent of annual writeoffs	Percent of annual writeoffs (.25%) (Base)	No increase in writeoff amounts as a percent of loan portfolio	• Patient lending. • Regular client visits. • Counselling for fishers and aquaculturists. (As of March 31, 2002, writeoffs stayed within this range).

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia Gaming Corporation
Business Plan 2003–2004

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Mission

To provide entertaining and reliable gaming products in a responsible and regulated environment, optimizing the financial benefits for Nova Scotians.

The Nova Scotia Gaming Corporation (NSGC) is a Crown corporation governed by the provincial *Gaming Control Act*. Through legislation, it is mandated to conduct and manage the province's gaming business to maximize net revenue in a responsible manner.

Planning Context

NSGC, like most major organizations, is experiencing significant and rapid change in the environment and the marketplace within which it operates. Increasing competition for entertainment spending, greater Internet access, and evolving technology are driving the development, distribution, and accessibility of new products to meet player demand. This, combined with shifts in demographics and social attitude toward gaming, has a substantial impact on how NSGC conducts and manages gaming in the province.

The continued success of the gaming industry in Nova Scotia lies with NSGC's ability to respond to the following key internal and external environmental factors:

- the emergence of technology, in both the delivery of gaming products and the type of gaming products offered to customers
- social considerations around problem gambling and the important focus on responsible gaming
- changing demographics, which may lead to different needs and expectations of its customers
- increased competition for the "entertainment dollar" and the resulting need to provide greater choice, control, and convenience to existing and new customers
- management of key relationships, including its operators, business partners, key stakeholder groups, and shareholder (the Province of Nova Scotia) in order to successfully advance a progressive and responsible gaming strategy for the province

Strategic Goals

NSGC has identified seven strategic goals to guide its operations:

- Provide, through its operators and other business partners, high-quality gaming products that are responsive to the needs and expectations of its customers.
- Continue to identify and implement responsible gaming initiatives and to promote Nova Scotia as a leader in responsible gaming.
- Meet or exceed revenue commitments to the province.
- Be an efficient and effective business by managing resources well, leveraging business relationships, and focusing on tangible results and outcomes.
- Pursue new business opportunities that align well with its vision and other strategic goals.
- Achieve greater public awareness and acceptance of gaming as an entertainment choice.
- Develop and sustain a corporate culture that values entrepreneurialism, professionalism and excellence and is committed to employing people who are motivated to fulfilling their independent and collective potential.

Core Business Areas

NSGC's business objectives are to:

1. ***Return revenue to the province for programs and services for the benefit of all Nova Scotians***

2. ***Earn and maintain public trust by acting responsibly and with integrity***

3. ***Promote responsible play***

In meeting these objectives, the corporation has three core business functions:

Operations Management

This involves the effective management of NSGC's existing gaming businesses—ticket lottery, video lottery, and casino. There are three key areas under this core business function:

- Operator Management - This includes the management of and support to NSGC's operators—Atlantic Lottery Corporation (ALC) and Casino Nova Scotia (CNS)—to ensure optimal performance of agreed-upon indicators, as well as growth through the existing gaming businesses.

- Risk Management and Quality Control - This involves proactive risk management and effective quality control within a business environment.
- Compliance Management - Compliance management is a key component of a well-run gaming industry. NSGC ensures that all its business conforms to applicable legislation, regulations, contracts and policies.

Business Development

Beyond the ongoing operations of ticket lottery, video lottery, and casinos, NSGC must strategically invest in initiatives that directly align with its goals.

- Responsible Gaming - NSGC is committed to being a leader in responsible gaming. Significant staff time is dedicated to considering new initiatives, sharing information, consulting with experts and managing ongoing responsible gaming projects.
- Industry Knowledge and Research - A sound knowledge of current industry trends is necessary when considering new gaming opportunities. Hand in hand with exploring new business opportunities are research initiatives that are reflective of a customer-driven, publicly accountable organization.
- Planning and Policy Development - NSGC is committed to exploring new opportunities through proper planning and thorough policy consideration. The main focus of planning and policy development is to create an environment that is conducive to facilitating and advancing gaming opportunities in Nova Scotia, including expanded business and responsible gaming initiatives.

Relationship Management

Given the many stakeholders that contribute to gaming in Nova Scotia, NSGC's success is directly connected to its ability to forge and maintain successful relationships with several different groups. These groups can be broken into three segments:

- Shareholder Relations - NSGC is conducting and managing gaming on behalf of its shareholder, the Province of Nova Scotia. Through its Board of Directors, NSGC has a responsibility to keep Government apprised of emerging issues related to gaming and to provide financial reporting on its operations.

- Operator Relations - It is imperative that NSGC has a strong relationship with its operators, ALC and CNS. To continue strengthening these reciprocal relationships, NSGC invests time to ensure that it is providing clear advice and direction and that both operators understand their respective roles in meeting the needs of NSGC and its shareholder.
- Stakeholder Relations - Integral to ensuring that NSGC is successful in achieving its strategic goals is ongoing networking with retailer groups, the business community, problem-gambling specialists, the research community, and the media.

Priorities for 2003–2004

Goal 1

Provide, through its operators and other business partners, high-quality gaming products that are responsive to the needs and expectations of its customers.

The primary focus of the casino business line will be to increase its share of the entertainment market in Atlantic Canada through the following tactics:

- Leverage the recent integration of the Casino Nova Scotia Hotel, a basic yet important amenity utilized by casino businesses across North America.
- Enhance the entertainment base with promotion and events that are aligned with the known preferences of its customer base.
- Further develop the customer-loyalty programs, including the Casino Player's Club Program, in order to provide greater entertainment value and service to customers.

In 2003–2004, the range of ticket lottery products offered will be strengthened and diversified to align with player demands for entertaining games. New products will be introduced, including a new sports game, in order to respond to growing market demand for this type of ticket. In addition, "promo packs" will continue to be enhanced to provide greater play value to the customers.

The video lottery operations will focus on implementing a three-year game development program intended to keep games fresh and to ensure appropriate game variety that appeals to a broad player base.

Goal 2

Continue to identify and implement responsible gaming initiatives and to promote Nova Scotia as a leader in responsible gaming.

Responsible gaming will continue to play an integral role in the business strategies of NSGC. Significant progress has been made in this area in 2002-2003, and this will continue to grow in 2003-2004. NSGC has identified the following three strategic goals for responsible gaming in order to achieve this corporate goal:

- Ensure that players, retailers, and gaming employees have resources, and are aware of these resources, to support persons with gambling problems.
- Introduce new products, product features, or programs that discourage excessive play.
- Increase public awareness of responsible gaming.

Specific initiatives in 2003-2004 to advance these goals include such things as the continuation of the Responsible Gaming Awareness Week, the development of a video lottery player management program, enhancements to the responsible gaming features on the video lottery terminals, and the development of a comprehensive responsible gaming assessment tool to be used for all new products.

Goal 3

Meet or exceed revenue commitments to the province.

NSGC's mission clearly identifies one of its strategic objectives, which is to optimize the financial benefits for Nova Scotians. In fulfilling this element of the mission, NSGC will contribute $183.7 million (+/-2 per cent) to the province in 2003-2004, which will be used to fund important government programs and services.

To put this into perspective, $183.7 million would equate to the salaries of 3,675 nurses or the construction of 140 kilometres of new, two-lane highway.

Goal 4

Be an efficient and effective business by managing resources well, leveraging business relationships, and focusing on tangible results and outcomes.

The casino operations will focus on its marketing investment for the direct mail activity as well as for the bus tour program. In addition, food and beverage services will manage costs in order to break even while achieving a 70 per cent Player's Club coupon redemption rate.

In ticket lottery, emphasis will be placed on building, strengthening, and optimizing the ticket lottery distribution channel to ensure that products are available at a time and location that meets players' demands.

and that retailers are satisfied with the level of service they receive. The implementation of a new ticket distribution model and inventory management system will ensure that products are efficiently distributed to retailers and that potential unavailability of stock at retail locations is mitigated.

The video lottery business line will look at ways to strengthen the central system. The current system's ageing technology has limited information capabilities to assist NSGC in managing this program and the corresponding responsible gaming initiatives.

Goal 5

Pursue new business opportunities that align well with its vision and other strategic goals.

Like any business, NSGC strives to offer high-quality products that provide significant value to its customers. To achieve this objective, it is critical that resources be dedicated to identifying and pursuing new products and services in order to be successful in the competitive entertainment market.

The casino operations will be assessing new, innovative games that become available in the casino industry to determine their value to its customers. In addition, opportunities for growth in new markets will be pursued and a potential relationship with Tourism Nova Scotia developed in order to leverage the collective resources of the two organizations.

Ticket lottery will consider introducing new delivery channels for its products in order to increase product accessibility and convenience for its customers. New product evaluations will also be conducted.

The video lottery business line will implement a regular game upgrade program in order to keep the product fresh and enhance the entertainment value.

Goal 6

Achieve greater public awareness and acceptance of gaming as an entertainment choice.

Since gaming has a significant impact on Nova Scotians from both an economic and a social perspective, it is incumbent upon NSGC to proactively provide information about its businesses. NSGC understands the importance of providing timely and comprehensive information to its various stakeholders and will continue its forthright communications approach.

In 2003–2004, a communications plan will be developed in support of NSGC's expanding responsible gaming initiatives. NSGC will also work to make gaming revenues more meaningful to Nova Scotians through its website and its ongoing communications. Information sharing with key gaming stakeholders such as video and ticket lottery retailers as well as government departments will be increased in order to bring a cohesive approach to gaming in Nova Scotia. With respect to new responsible gaming products or services adapted by NSGC, efforts will be made to ensure that players are aware of and understand the changes.

Goal 7

Develop and sustain a corporate culture that values entrepreneurialism, professionalism, and excellence and is committed to employing people who are motivated to fulfilling their independent and collective potential.

NSGC will continue its commitment to ensuring its staff have the necessary skills and competencies that will be instrumental to NSGC's achieving all of its other strategic goals.

In 2003–2004, specific initiatives to enhance skills and to create an "entrepreneurial" culture include such things as the implementation of a performance recognition program to motivate staff and to recognize their contribution towards achieving NSGC's goals, as well as ongoing monthly Lunch and Learn sessions to ensure that staff are kept abreast of industry and/or corporate issues. In addition, a satisfaction survey will again be conducted as a follow-up to the 2002–2003 survey to track progress and trends in key areas identified by staff.

Performance in 2002–2003

Goal 1

In support of NSGC's first strategic goal and its commitment to providing high quality gaming products that exceed expectations, several initiatives were undertaken to help enhance existing products and to introduce new products and distribution channels.

In the ticket lottery line of business, two new products, including the popular Over/Under sports game, were introduced and two other product lines changed to enhance their entertainment appeal. Products for two on-line games, Super 7 and Lotto 6/49, were bundled into promotional packages providing convenience for the consumer. In addition, 50 breakopen ticket-vending machines were placed in select liquor-licensed establishments throughout Nova Scotia.

In video lottery, the VLT Replacement Plan was completed. Currently, all VLTs within the management of NSGC have responsible gaming features and more game variety. To build on this, an annual VLT game replacement strategy has been developed that includes a plan for regularly scheduled software upgrades. This will help increase the entertainment value to players.

In the casino business line, the Player's Club membership was expanded by more than 50 per cent. This program is intended to provide members with information about upcoming events at the casinos and to facilitate its incentive program.

Goal 2

In support of NSGC's second strategic goal relating to its strong commitment to responsible gaming, several key initiatives were achieved.

The first province-wide Responsible Gaming Awareness Week in Canada was held in October 2002, and was a collaborative effort amongst NSGC, ALC, Casino Nova Scotia, the Department of Health, and ticket and video lottery retailers. Public opinion research conducted following the week demonstrated that 83 per cent of Nova Scotians supported the idea of a week dedicated to responsible gaming and 43 per cent recalled seeing information about the week.

The research into the effectiveness of the VLT responsible gaming features was completed and released publicly. The results show that, in general, the features had a positive impact on excessive play behaviour. As a result of these findings, the features will remain on Nova Scotia's VLTs, with some modifications to make them even more effective.

The orientation programs for NSGC, ALC, and CNS employees include a responsible gaming component. In addition, responsible gaming tips and the problem gambling hotline number have been widely distributed via brochures, selection slip holders, stickers on VLTs, posters at gaming venues, newsletters, websites, and paid advertising.

Finally, extensive research was undertaken on a number of potential projects, including training programs and other product-based features.

Goal 3

Strategic goal number three relates to the financial commitment to the province, and NSGC aspires to meet or exceed revenue commitments.

NSGC contributed $189.3 million to the province, which was used to fund important government programs and services such as health care and education. NSGC met its internal target of $190.3 million +/–2 per cent, which recognizes normal business variability.

Goal 4

In support of goal number four, NSGC evaluated operational efficiencies and implemented strategies to effectively manage and optimize resources.

Within the casino business line, the Casino HST Efficiency Review was completed with a view to reducing the annual HST expense by obtaining favourable rulings from the Canada Customs and Revenue Agency (CCRA). Favourable rulings were received, and CCRA confirmed that tax was inappropriately being overpaid on some expense areas. This will result in expected ongoing annual savings in excess of $1 million. Emphasis was also placed on leveraging casino food and beverage amenities with the objective of creating value for the players while generating sufficient food and beverage revenues to fully cover their related expenses. The efforts were successful, and the restaurants have operated at break-even capacity.

A VLT Asset Management Program was implemented to help NSGC effectively and efficiently manage the limited VLT asset base. Approximately 250 VLTs were successfully reallocated to higher-demand locations.

From a corporate perspective, a strong relationship with NSGC's operators is a critical success factor. As such, time was invested to ensure that the relationships with both operators were mutually beneficial and consistent with the goals of each respective organization. In 2002–2003, various tactics, such as job shadowing and professional development that broaden NSGC's knowledge of the gaming business, were undertaken.

Goal 5

In support of seeking new business opportunities as contemplated in strategic goal number five, NSGC, through its lottery operator, looked at the potential of a couple of opportunities in 2002–2003.

One, in particular, was the consideration of ways to improve customer convenience and loyalty for the ticket lottery line of business. This review led to the introduction of a reward program, accessible via ALC's website. The feasibility of electronic distribution of such products as 6/49 or Super 7 tickets was explored but not implemented.

Goal 6

In support of goal number six, benchmark research upon which to base existing public awareness and acceptance of gaming was conducted, and information was gathered that offered support and direction for NSGC's overall approach to the gaming business.

NSGC's 2001–2002 annual report focused strongly on the importance of promoting responsible gaming and to highlight the entertainment value of gaming.

This combined responsible gaming/entertainment theme will continue, as it is consistent with the corporation's overall focus.

As part of a collaborative effort among NSGC and its operators, advertisements were produced that will help the viewing audience better appreciate what it means to play games of chance responsibly. As well, NSGC's website has been enhanced to make it more focused toward responsible gaming/entertainment.

Goal 7

NSGC is committed to ensuring its staff is armed with the right complement of skills to ensure that NSGC can achieve its other strategic goals.

In 2002–2003, efforts continued to enhance skills and to create an "entrepreneurial" culture focused on meeting and, in many instances, exceeding expectations. In particular, many NSGC employees participated in a leadership competency program assessment and related training. In addition, specific training was provided to staff in order to develop skills related to their responsibility within the organization.

Budget Context

	Forecast 2002–2003 ($ 000)	**Budget 2003–2004 ($ 000)**
Revenues		
Atlantic Lottery Corporation		
Ticket lottery	207,000	208,000
Video lottery	182,400	191,500
Payment from New Brunswick	400	0
Halifax Casino Nova Scotia		
Casino	64,700	66,400
Beverage, food and other	7,200	7,400
Sydney Casino Nova Scotia		
Casino	27,200	24,100
Beverage, food and other	1,900	1,700
Interest income	300	300
	491,100	499,400
Expenses		
Atlantic Lottery Corporation		
Ticket lottery expenses		
–Prize expense	110,400	112,700
–Retailer commissions	18,200	18,600
–Operating and other	29,500	32,100
Video lottery		
–Retailer commissions	39,300	41,200
–Operating and other	21,400	25,200
General overhead	9,100	10,400
Halifax Casino Nova Scotia		
Casino win tax	13,000	13,300
Operating	52,300	56,900
Capital reserve	1,100	1,100
Sydney Casino Nova Scotia		
Casino win tax	5,400	4,800
Operating	14,400	14,700
Capital reserve	400	400
Payments to operator	1,900	1,500
Responsible Gaming contribution and programs	2,400	2,900
Special Payments		
Harness Racing Fund	750	750
Office of Health Promotion	100	100
Department of Agriculture and Fisheries	50	50
Department of Education	50	50
NSGC management expenses	1,700	2,000
	321,450	338,750
Net Income	**169,650**	**160,650**
Total Payments to Province of Nova Scotia		
NSGC net income	**169,650**	**160,650**
Casino win tax	18,400	18,100
	188,050	**178,750**

The payment to the Province is projected to decrease in 2003–2004. This results from three key factors: 1) a recent downward revenue trend within the gaming industry; 2) costs associated with investments in capital assets; and, 3) increased investment and commitment in responsible gaming.

Outcomes and Performance Measures

Core Business Area

Outcome	Indicator	Measure	Base Year Measure 2001–02	Target 2004–05	2003–04 Strategies to Achieve Target
1. Provide high-quality gaming products	Sales growth	$ sales	$469 million	$526 million	• VLT Game Replacement Program • Integration strategy for Casino Nova Scotia Hotel • New and improved ticket lottery products
	Customer satisfaction	% of customers who rated products and services as good/very good	68%	72%	
	Retailers' satisfaction	% of retailers who rated overall service as good/very good	71%	75%	
2. Be a leader in responsible gaming	Responsible gaming funding	$ funding	$1.9 million	$3.1 million	• Responsible Gaming Awareness Week • Responsible gaming assessment tool for new products • Video lottery player management program
	Public awareness of NSGC's commitment to responsible gaming	% increase in public awareness of NSGC's commitment to responsible gaming	53%	8% increase	
	Players' awareness of responsible gaming features	% of VL players aware of responsible gaming features	20%	80%	
3. Meet revenue commitments	Total payment to province	$ payment	$178 million	$181 million	• Successful completion of outcomes # 1, 4, and 5

Core Business Area

Outcome	Indicator	Measure	Base Year Measure 2001–02	Target 2004–05	2003–04 Strategies to Achieve Target
4. Be efficient and effective	Payment to province in relation to revenue	% change in payment to province in relation to revenue	38%	0% change	• VLT Asset Management Program • Return on investment of casino marketing strategy • Ticket lottery inventory management system
	Operators' satisfaction	Rating of overall effectiveness of relationship	8.5/10	9/10	
5. Implement new business development opportunities	Sales from new business development initiatives	$ incremental sales	N/A	$12 million	• New games • New delivery channels • New products
6. Greater public awareness and acceptability	Public acceptability of gaming	% increase of public not opposed to any forms of gaming	34%	8% increase	• Responsible gaming communications strategy • Opinion leader sessions • Public awareness activities
	Public awareness of NSGC	% increase of public awareness of NSGC	8%	8% increase	
	Public consideration of gaming as entertainment	% of public who agrees or strongly agrees that gaming is entertainment	78%	80%	

Core Business Area

Outcome	Indicator	Measure	Base Year Measure 2001–02	Target 2004–05	2003–04 Strategies to Achieve Target
7. Positive corporate culture	Staff participating in training and development programs	% of staff participating in training and development programs	80%	85%	• Lunch & Learn sessions • Rewards & recognition program • Satisfaction survey
	Staff awareness of current issues	% of staff who agree that they are kept informed of current issues facing organization	92%	95%	

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia
Government Fund Limited
Business Plan 2003–2004

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Mission

To fund alternative delivery initiatives for government.

Planning Context

The Nova Scotia Government Fund Limited (NSGF) was incorporated on December 16, 1994 under the Companies Act (Nova Scotia). It was approved by Citizen and Immigration Canada as a government-administered venture capital fund pursuant to the Immigration regulations (1978).

The January 4, 1996 offering memorandum contains investment restrictions that make it difficult to find qualifying projects. The offering states, "The Fund will be restricted to making investments directed to the privatization of public services and may include operation of food services in hospitals, laboratory services to health care facilities and other projects that will result in economic benefit to Nova Scotia."

NSGF continues to actively look for appropriate investments within the limitations of the offering memorandum. The opportunities for investment are further hampered by the significantly declining interest rates available from other sources that have decreased the attractiveness of the NSGF funds for investment.

Nonetheless, the NSGF has been able to identify the two investment projects required to meet the Federal program requirements. NSGF is currently pursuing a third investment that will complete the five year investment requirement of the first investment that recently was repaid. Funds not invested in projects have been safely placed where they can be accessed as qualified investment opportunities occur.

NSGF will primarily confine their efforts to adhering to the policies of the Federal legislation relating to the Fund and ensuring that the funds are invested in appropriate projects that meet the objectives of the Fund.

Strategic Goals

Federal and provincial investment criteria have limited suitable investment opportunities. In light of this the goals of the NSGF for the fiscal year 2003-2004 are:

- To ensure that the funds of all investors are safely invested.
- To direct the Nova Scotia Department of Finance to continue to invest any money not invested in qualified projects in liquid Canadian securities until such time as the investors' promissory notes come due.

- To facilitate funding to investors when their notes become due (i.e., starting March 2002)
- To take advantage of investment opportunities as they arise.

Core Business Area

1. ***The core business area of the NSGF is to invest the funds ready raised through the offering memorandum in qualified investments as outlined by both Citizenship and Immigration and the offering memorandum.***

Priorities for 2003–2004

- To ensure that the funds belonging to the investors are safely and soundly invested.
- To find/solicit and assess potentially qualifying investments as the opportunities arise.

Budget Context

Expenses incurred by the NSGF are offset against interest earned by investments.

Outcomes and Performance Measures

NSGF is a mature government administered venture capital fund approved by Citizenship and Immigration Canada under Immigration regulations (1978). Through the Board of Directors of NSGF, the prime emphasis with the fund is to ensure that it is properly invested in safe investments that meet the requirements of the offering memorandum. At this stage in the fund's existence the prime job is to maintain proper monitoring of the assets and investments.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia Harness Racing Incorporated
Business Plan 2003–2004

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Mission

The Nova Scotia Harness Racing Advisory Committee is responsible for evaluating how best to spend the government funding provided while at the same time moving the harness racing industry to a more competitive, self sufficient funding position.

Performance in 2002–2003

During the 2002–2003 fiscal year a total of one hundred (110) live race dates were achieved with the assistance provided by the Government of Nova Scotia and this assistance was also responsible for the successful special stakes races and the Atlantic Sire Stakes. Reduced government funding forced industry to cutback on the number of live races from the previous year. These are important events that draw increased attendance and visibility of the Standardbred horse which promotes higher prices in annual sales. With these events the farm gate income for small family farms in the Province could continue to exist on low acreage farmlands. A commitment was also made to engage the services of a Liaison Officer under a part-time contract to organize the industry and develop policies for the survival and sustainability of the industry.

2002–2003	**Processed Claims**
Special Stakes Races, Inverness, Truro, Tartan Downs	$ 30,000
Atlantic Sire Stakes	200,000
Purse Subsidy Reimbursement	430,000
Matinee Tracks & 4H	5,000
Maritime Provinces Harness Racing Commission	83,500 *
Operational Costs (meeting expenses)	1,500 *
Liaison Officer	$ 50,000
Projected Total For 2002–2003 Fiscal Year	$ 800,000

* Projected Expenditures

Strategic Goals

- Strive to improve the product, namely live harness racing, to be competitive in the entertainment market.
- Improve relationships between racetrack management and the horsemen to treat each other as partners rather than adversaries.
- Secure adequate long-term funding through government liaison and corporate sponsorships.
- Improve media coverage of both live racing events and the industry generally.
- Encourage continuing quality in the Standardbred horse for the harness racing industry.
- Use the Nova Scotia Harness Racing Industry Association to provide leadership of the industry in Nova Scotia.
- Work towards expanding the product into additional fields beyond live racing events and offer alternative forms of gaming and sports to generate interest and income through improved "entertainment centers."

Core Business Areas

Entertainment and standardbred horse genetics have been the core businesses of Nova Scotia Harness Racing Inc. The entertainment aspect is comprised of three components:

1. Live racing events/para-mutual wagering

2. Simulcast wagering/telephone account wagering

3. Gaming/video lottery terminals

There is a need to grow the business in each component so that more funds are available for harness horse owners. Greater incomes will peak interest in investing in the genetics aspects of the industry and drive values of breeding stock upwards.

Para-mutual betting is a fundamental source of funding of the live racing events and a key attraction for those keenly interested in the gaming aspect of live harness racing. Unfortunately, the number of live racing events are declining at the three raceways because of lack of funding support for the purses. The purses at racing events are very dependent on support through government funding and the funding in 2002–2003 has been reduced 20 per cent by the Province and this has struck a very negative blow to the industry this year. The reduction in funding has hit the hardest on the purse subsidies for the planned race dates and special stakes. The funds provided by the Province for the Atlantic Sire Stakes were consistent with previous year (2001). The para-mutual betting is the oldest form of gaming in the Province and is the key function to attract fans to the raceways to participate in the excitement and entertainment of the sport.

Simulcasting of racing events beyond the local raceways is a major supporting funding source for harness racing now bringing about 88 per cent of the funding through the industry itself compared to approximately 12 per cent from live racing events. Teletheatres are now located at Amherst, Antigonish, Dartmouth, Goodwood and Lower Sackville which are under the jurisdiction of the Truro raceway that meets the requirements of the Canadian Para-Mutual Agency for 50 live race dates for a home market area. Total wagering now accounts for approximately $12 million annually for the three raceways in the Province.

Video Lottery Terminals (VLTs) are present at the raceways at Truro and Tartan Downs in Sydney. There are no VLTs at the Inverness Raceway despite requests by the management of the raceway and the negative response by the Nova Scotia Gaming Authority. VLTs provide continuous entertainment and financial support to the raceways, and in some ways, could be the beginning of "sports bars" which could provide a wide variety of entertainment options to the local public and tourists.

Genetics

Of course, there would not be the live harness racing activity without the Standardbred horse to frequent the raceways of the Province. The breeding and training of race horses occurs at many small family farms throughout the Province and are raised and sold across Canada and the United States. There are 1,971 registered race horses between the ages of one and fourteen years owned by Nova Scotians and 480 of these have raced this year (2002). The Maritime bred horse is very popular with harness racing enthusiasts throughout North America and require the support of the racing industry to continue the farm gate income and the small family farm existence. The industry needs to generate increased attention to the Standardbred horse for audiences to fully appreciate the colour and excitement of the live race events. What makes horse racing of great value to the local economy is its deep roots in farms and agriculture. The breeding, rearing and training of the Standardbred horse are key activities for both the farming communities of Nova Scotia and the live racing events at the Province's raceways.

Budget Context

Revenues	Actual 2001–2002 ($)	Forecast 2002–2003 ($)	Budget 2003–2004 ($)
NS Gaming Corp.	1,000,000.00	750,000.00	750,000.00
NS Agr. and Fisheries	—	50,000.00	—
Total Revenues	**1,000,000.00**	**800,000.00**	**750,000.00**

Expenditures			
Special Stakes	30,000.00	30,000.00	30,000.00
Atlantic Sire Stakes	200,000.00	200,000.00	150,000.00
Purse Subsidy Reimbursement	694,214.14	430,000.00	428,000.00
Maritime Provinces Harness Racing Commission	74,820.48	84,000.00	88,000.00
Operational Costs	965.38	1,000.00	4,000.00
4-H and Matinee Tracks	—	5,000.00	—
Liaison Officer Position	—	50,000.00	50,000.00
Total Expenses	**1,000,000.00**	**800,000.00**	**750,000.00**

The Atlantic Sire Stakes funding would be cut by $50,000 because Agriculture and Fisheries had provided $50,000 in 2002–2003 to maintain it at $200,000. The assistance to 4-H and Matinee Tracks would be eliminated to allow for coverage of increased costs of officiating and meetings. The Purse Subsidy reimbursement would be maintained at fiscal 2002–2003 levels, but there will be a greater dispute (creating controversy within the industry) over the division of it, because both Cape Breton tracks were not happy with their shares last year.

Because some costs are growing and there is not likely to be any funding from the Department of Agriculture and Fisheries in fiscal year 2003–2004, purse assistance will shrink primarily in the Sire Stakes Program. Live racing at the tracks would be substantially reduced. The Sire Stakes Program is a major driver for individuals to invest in horses, so a reduction here will have a negative impact. As evidenced from the industry's five year business plan there is an expectation of $1 million per year in government funding.

Outcomes and Performance Measures

Core Business Area 1 *Entertainment*

Outcome	Measures	Base Year Measure (BYM)	Target 2008–09	Strategies to Achieve Target
More Live Races	Increase in live Race Events	(2002–03 - BYM) 100 Race dates	Increase Live Race Events	• Long-Term Agreements
More Horse Owners	# of Owners	(2002–03 - BYM) 403 Owners	Minimum Purse $1000 to $2000	• Improved Income for horse owners
Increased Bet	Amount of Bet	(2002–03 - BYM) Gross Bet $1,180.622.00	Increase GrossBet by 10 %	• Attract Patrons
More Entertainment Options	Attendance	(2001–02 - BYM) 70,000	Higher Attendance	• Market Existing & New Additions

Core Business Area 2 *Genetics*

Outcome	Measures	Base Year Measure (BYM)	Target 2008–09	Strategies to Achieve Target
More Horses in Race Cards	Horse Population	(2001–02 - BYM) 480-Standardbreds	Adequate Minimum 60 Horses per Race Event	• Investment in Breeding Stock and Property Race Card
Greater Interest in Horse Ownership	Average Sales Value	(2001–02 - BYM) $4400.00	Increase Prices Horses NS Bred	• Promote The HorseRace by 10%

Outcome measures were changed from the previous year because the funding cut this fiscal year had an impact. The five year target was adopted to emphasize the need for a longer term funding commitment for there to be a positive impact on the industry. Longer term funding arrangements will afford the industry more stability and encourage more investment from the private sector. Targets are provided to 2008–09 to correspond to the long range strategic plan fo the industry.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia Housing Development Corporation
Business Plan 2003–2004

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Mission

To be a partner to Nova Scotians in fostering healthy communities through housing.

Planning Context

The Nova Scotia Housing Development Corporation is responsible for managing the Province's housing assets and consolidating the revenues and expenditures associated with operating these assets.

The Minister of Community Services is the Corporation's Chairperson and the Deputy Minister is the President. The Corporation's business is administered by the staff of the Housing Services Division with some financial support from the Finance and Administration Division of the Department of Community Services. Department staff work on behalf of the Corporation but they are not direct employees and they receive no remuneration from the Corporation.

The Corporation supports the Province's housing initiatives to provide safe, affordable appropriate and sustainable housing to low and modest income Nova Scotians by managing the Province's housing assets and providing financing tools for other housing solutions.

The Corporation owns approximately 11,650 senior and family public housing units, making it the largest residential landlord in the province. The property management for these units is delivered through seven Housing Authorities. The Housing Authorities also administer the Rent Supplement Program which provides rental assistance to 800 low income households who live in private rental accommodations. The Corporation also provides another 1,540 housing units—both rental units and home owner units—under the Rural and Native Housing Program. These Public Housing, Rural and Native Housing, and Rent Supplement units house approximately 25,000 Nova Scotians.

In 1997, the Corporation signed the Canada Nova Scotia Social Housing Agreement with Canada Mortgage and Housing Corporation (CMHC). Under this Agreement, annual Federal funding for Federal/Provincial Social Housing Programs was capped at 1995 levels and follows a pre-defined declining schedule which will expire in 2035.

Under the Agreement, the Corporation must manage Federal funding so that there will be sufficient funds available in future years to support the Federal/Provincial Social Housing Programs. Based upon current program revenue and expenditure projections, the current surplus in unused Federal funding will decrease over the term of the Agreement and result in an accumulated deficit when the pre-defined delivery schedule ends in 2035. This is driven by:

- declining annual Federal subsidies,
- level of Provincial and Municipal annual subsidies,
- minimal increase in rental revenues as tenants pay rent geared to income and their income increases marginally year over year. (This is based on Housing's actual past experience in rental trends.); and,
- increasing annual operating expenses for over 12,000 rental units due to inflation (This includes for example, utilities, home heating fuel oil, cost of maintenance, wages and capital improvements. For projection purposes we used a conservative average inflationary rate of 1%.).

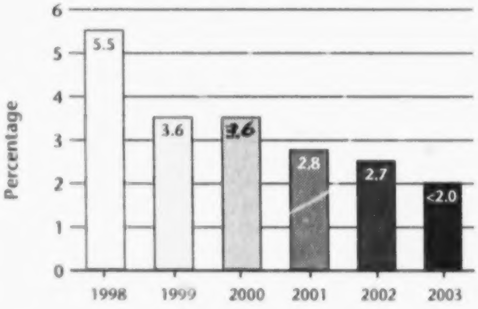
The Department's Housing Services Division is currently exploring new strategies to generate additional revenues to help offset projected deficiencies in future funding.

The Corporation administers approximately 220 third-party operating agreements with 156 different cooperative and non-profit housing organizations. Under the terms of the respective operating agreements Housing Services provides annual subsidies to the 220 housing projects. These projects involve approximately 9,000 dwelling units and are located around the province.

The Corporation provides direct lending or loan guarantees to qualifying housing sponsors who satisfy a housing need and cannot obtain financing in the private sector. Some examples include group homes, nursing homes, and assisted living projects.

There is a need for more safe, appropriate and affordable housing. Across Nova Scotia for example, in the Halifax Census Metropolitan Area (CMA), which includes Halifax, Dartmouth, Bedford, Sackville and some outlying areas, the overall apartment vacancy rate has declined from 5.5% in 1998 to 2.7% in 2002 and Canada Mortgage and Housing Corporation is projecting a vacancy rate of less than 2% in 2003.

Apartment Vacancy Rates in the Halifax CMA

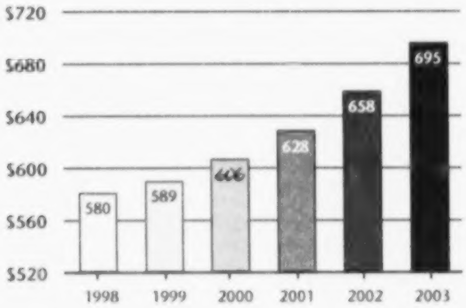


Source: Canada Mortgage & Housing Corporation (CHMC)
Note: For 2003 CMHC is projecting a rate less than 2%

Canada Mortgage and Housing Corporation generally assumes the rental marketplace to be in equilibrium at 3%. Below this rate the rental market is considered to be imbalanced which means it is more difficult to find a vacant apartment unit.

At the same time, the average rent in the Halifax CMA has gone from $580 in 1998 to $658 in 2002 and it is projected to reach $695 in 2003. Given the current rental housing market, low income families, seniors and individuals in the Halifax area may have difficulty finding safe, affordable and appropriate housing.

Average Rent for an Apartment in the Halifax CMA



Source: Canada Mortgage and Housing Corporation (CMHC)
Note: CMHC is projecting an average rent of $695 for 2003.

The Department's Housing Services Division will continue to develop affordable housing under the Canada Nova Scotia Affordable Housing Agreement in areas of identified need throughout the province.

Other challenges facing the Corporation include:

- establish goals and objectives of public housing that support the Housing Services' mission statement and ensure that the housing operations are supportive of these goals and objectives;
- develop an Asset Management Function to facilitate the establishment of asset based financial goals and promote property related decision-making based on business principles; and
- provide a more seamless service to Housing Services' clients through more streamlined and co-ordinated services.

The Corporation is also exploring potential opportunities with other provincial Departments for the construction of new non-profit facilities such as nursing homes, groups homes, assisted living projects and other forms of housing.

Performance in 2002–2003

The Corporation accomplished four key milestones in 2002–2003. These include:

- We began implementing a new property management software system to manage our Public Housing. The new system will improve our operating efficiencies in managing the provincially owned housing in Nova Scotia.

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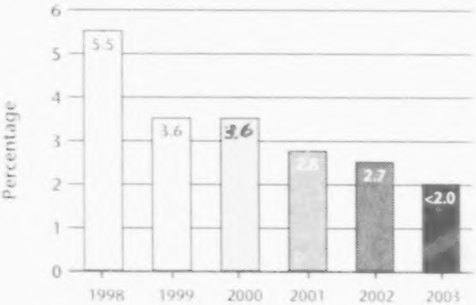

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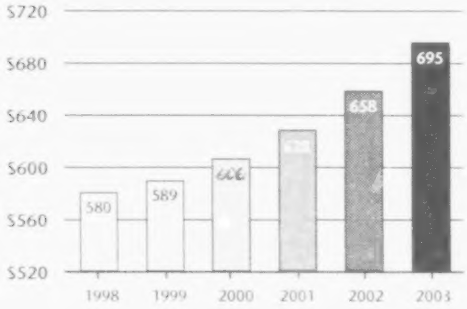

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Performance in 2002–2003

The Corporation accomplished four key milestones in 2002-2003. These include:

- We began implementing a new property management software system to manage our Public Housing. The new system will improve our operating efficiencies in managing the provincially owned housing in Nova Scotia.

- In September 2002, Nova Scotia and the Federal Government signed a five-year $37.26 million Affordable Housing Program Agreement. Up to 1,500 affordable homes will be created or renovated. This Agreement involves federal funding of $18.63 million along with matching contributions from the Province and our housing partners. Under the Affordable Housing Agreement, the Department has developed housing programs to address the specific housing needs of low and moderate income households in Nova Scotia. The four program components are: New Rental Housing Initiative, New Homeowner Program, Rental Rehabilitation Program and the Homeowner Rehabilitation Program. We have already begun to build affordable housing projects under these programs.
- The Corporation provided financing to six non-profit organizations for the development of housing projects. Projects we assisted include:

– Assisted living facilities for senior citizens, allowing them to "age in place";

– Group homes for mentally or physically disabled people; and

– Nursing homes.

Financing for these housing projects was provided at attractive terms which will protect the Province from long term interest rate fluctuations.

- We improved the financial reporting of the Government's housing expenditures by consolidating the property management operations of the Housing Authorities and the Rural and Native Housing program into one financial statement. This marks the first time that this financial information has been consolidated as part of the annual audit, and it supports Government's goal of increased transparency.

Strategic Goals

The Nova Scotia government's three overriding goals for 2003–2004 are:

- Healthy Nova Scotians.
- Educated and confident Nova Scotians.
- Self-sufficient and prosperous Nova Scotians.

Through housing programs we recognize that safe, appropriate, affordable and sustainable housing is a significant contributor to the health of our communities and to the personal well-being of all Nova Scotians. Good housing provides the environment and base needed to effectively deliver other social programs, such as home care and education. In particularly it has a lasting effect on children as research has shown that poor housing conditions have a detrimental impact on early childhood development. Community Services' housing programs keep homes safe and comfortable for Nova Scotians and these programs provide employment to trades people across the Province.

Seniors prefer to live independently in their own homes for as long as possible, and seniors tend to remain healthier and more confident, the longer they are able to "age in place" in their own homes. This becomes an important consideration as the percentage of Nova Scotia's population over the age of 65 continues to grow. Community Services' housing grant and loan programs help seniors adapt their homes which enables them to continue to live independently.

Strategic goals of the Corporation include:

- To foster healthy communities through housing.
- To ensure a supply of safe, appropriate, affordable and sustainable housing.
- To optimize access to safe, appropriate, affordable, and sustainable housing.

Core Business Areas

In support of the Department of Community Services' mandate, the Corporation's core businesses are:

1. ***Manage the Federal government's transfers for social housing as set out in the 1997 Canada Nova Scotia Social Housing Agreement. This includes, for example, housing seniors and families in over 12,000 rental units, and providing under the Rent Supplement Program rental assistance to an additional 800 household who live in privately owned rental accommodations.***

2. ***Provide financing assistance or new construction and lease arrangements to qualifying housing projects.***

3. ***Managing the funded reserves associated with provincial housing programs to protect the Province from loss through the Corporation's direct and/or contingent liabilities.***

4. ***Deliver the Canada Nova Scotia Affordable Housing Agreement programs over the next five years.***

Priorities for 2003–2004

The following are priorities by core business area for the 2003–2004 fiscal year:

1. *Manage the Federal government's transfers for social housing as set out in the 1997 Canada Nova Scotia Social Housing Agreement.*

- Evaluate the housing programs administered under the 1997 Canada Nova Scotia Social Housing Agreement. This is a multi-year project. During 2003–2004 Housing Services will complete the evaluation framework for the Public Housing Program.
- Complete the implementation of the new property management system in the Housing Authorities and Housing Services. This new system will improve our operating efficiencies in administering current Housing Services programs, and it also presents an opportunity for Housing Services to expand its reporting capabilities.
- Provide a more integrated service delivery with other Department of Community Services' programs.

2. *Provide low cost financing or Nova Scotia Housing Development Corporation ownership and lease arrangement to qualifying housing project.*

- Increase the number of agreements with other government departments such as Health and other divisions within Community Services to construct Housing to enhance program delivery. Our target is to a minimum of three agreements for 2003–2004.

3. *Manage the funded reserves associated with provincial housing programs to protect the Province from loss from its direct and/or contingent liabilities relating to both the Province's housing activities and to the Canada Nova Scotia Social Housing Agreement.*

- Review the Corporation's reserves to ensure they are adequately funded to protect the Corporation from loss. This involves reviewing the financial stability of cooperative and non profit housing projects.

4. Deliver the Canada Nova Scotia Affordable Housing Agreement programs over the next five years.

- Implement the new Canada Nova Scotia Affordable Housing Agreement. This program was officially signed during 2002–2003. This is a $37.26 million joint initiative between the federal and provincial government. In order to achieve the maximum benefit from this program, the province and its housing partners are required to match the federal government's contribution of $18.63 million over five years. In Nova Scotia, this program will ensure the construction of additional affordable housing units and make improvements to existing housing for low to moderate income households.

Budget Context

The budget context sets out the payment made to the Housing Services Division of the Department of Community Services as an administration fee. The net expenditures of the Corporation is $0.00.

Nova Scotia Housing Development Corporation's Administration Fee to Housing Services

2001–2002 Actual	2002–2003 Estimate	2003–2004 Estimate
$2,600,000	$1,600,000	$1,600,000

Nova Scotia Housing Development Corporation Funding

Funding Source	2001–2002 Actual Audited ($)	2002–2003 Forecast ($)	2003–2004 Estimate ($)
Revenue from Government Sources	72,591,000	72,000,000	72,250,000
Revenue from Rents	48,424,000	48,700,000	49,000,000
Interest, revenue from Land Sales and other revenue	5,065,000	6,300,000	5,000,000
Total Funding	**126,080,000**	**127,000,000**	**126,250,000**

Nova Scotia Housing Development Corporation Expenditures

Expenditures	2001–2002 Actual Audited ($)	2002–2003 Forecast ($)	2003–2004 Estimate ($)
Interest on Long Term Debt	30,609,000	28,500,000	27,500,000
Property Management and Operations	37,650,000	39,000,000	41,000,000
Maintenance and Capital Improvements	18,532,000	19,300,000	20,000,000
Transfer to Housing Services*	25,100,000	25,000,000	25,000,000
Amortization of Investment in Social Housing	9,007,000	9,500,000	10,000,000
Administration Fee and Cost of Land Sold	5,182,000	5,700,000	2,750,000
Total Expenditures	**126,080,000**	**127,000,000**	**126,250,000**

* Under the terms of the Canada Nova Scotia Social Housing Agreement, Canada Mortgage and Housing Corporation transfers the Federal subsidies to the Corporation monthly. A portion of this funding is then transferred to Housing Services Division of the Department of Community Services for Social Housing program subsidies. The figure $25,100,000 represents federal subsidies advanced during the year.

Outcomes and Performance Measures

Core Business Area 1 *Manage the Federal government's transfers for social housing as set out in the 1997 Canada Nova Scotia Social Housing Agreement*

Outcome	Measure	Data	Target 2004–05	Strategies to Achieve Target
Financially viable social housing portfolio.	Projection of the financial resources available to meet anticipated Canada Nova Scotia Social Housing Agreement expenditures.	Projected deficit by 2035.	Decrease the projected deficit position.	• Generate additional revenue. • Achieve program administrative savings. • Create operating efficiencies through improved information technology.

Core Business Area 2 *Provide low cost financing or Corporate ownership and lease arrangements to qualifying housing projects.*

Outcome	Measure	Data	Target 2004–05	Strategies to Achieve Target
Government has additional options in managing capital financing for government sponsored housing.	Number of qualifying housing projects receiving financing or Corporation ownership and lease arrangements.[1]	**Baseline 2001-02** - one housing project **2002-03** Not yet available.	Minimum 3 housing projects per year receiving financing or Corporation ownership and lease arrangements.	• Convert existing private sector loan guarantees to lower cost financing terms. • Increase partnering with other departments and government agencies.

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[1] The wording of this outcome measure has been revised to clearly reflect the assistance options. In the Corporation's 2001-2002 Accountability Report the measure read: number of qualifying projects receiving financing in the form of a loan guarantee or a direct loan.

Core Business Area 3 *Manage the funded reserves associated with provincial housing programs to protect the Province from loss from its direct and/or contingent liabilities relating to both the Province's housing activities and to the Canada Nova Scotia Housing Agreement.*

Outcome	Measure	Data	Target 2004–05	Strategies to Achieve target
Financial reserve funds are adequate, risk of loss to the Province is minimized.	Number of cooperative and non-profit housing projects that are financially stable as a percentage of the total number of cooperative and non-profit housing projects.	Base line 2000-2001—62.5% 2001-2002—68% 2002-2003—n/a	75%	• Improve project monitoring procedures. • Provide financial work outs for projects in difficulty.

Core Business Area 4 *Deliver the Canada Nova Scotia Affordable Housing Agreement Programs over the next five years.*

Outcome	Measure	Data	Target 2004–05	Strategies to Achieve target
More households in safe, appropriate, affordable and sustain-able housing.	Percentage of the Affordable Housing Agreement funds spent to date on creating new affordable homes.[1]	Base year to be established in 2002-2003.	60% of funds (2002-2003 to 2004-2005 inclusive) spent on creating new affordable homes.	• Implement the Canada Nova Scotia Affordable Housing Agreement through partnerships with communities, municipalities, organizations and businesses.

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[1] This is a new outcome measure. It was added in light of the new Canada Nova Scotia Affordable Housing Agreement, signed in September 2002.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia Liquor Corporation
Business Plan 2003–2004

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Mission

- ***Provide a consistently high level of customer convenience and service.***
- ***Support initiatives on the responsible use of beverage alcohol and operate in a socially responsible manner.***
- ***Support employees in developing their skills and abilities in an organization focused on achievement, equality and continuous learning.***
- ***Support economic development of the beverage alcohol industry in Nova Scotia.***
- ***Generate revenue through effective and efficient retailing.***

Introduction

Effective July 26, 2001, the NSLC became the Nova Scotia Liquor Corporation with governance provided by a nine-member Board of Directors. The corporation is continuing to focus on the transition of the organization from a traditional beverage alcohol control and distribution government entity to becoming a leading, customer-driven retailer of beverage alcohol products in Nova Scotia.

The mandate of the new corporation is defined in our mission statement, which forms the strategic framework of the corporation.

The NSLC currently has a corporate network of 100 retail stores located throughout the province. Further enhancing our service to customers are retail sites associated with eight agency stores, which are located in rural markets, and four privately owned and operated private wine and specialty stores located in Halifax Regional Municipality (HRM). Seven farm and cottage wineries, one distillery, four brewpubs, and five breweries currently complete the beverage alcohol offering in Nova Scotia.

With over 15 million transactions each year, the future success of the NSLC is dependent on its ability to meet the needs of its many diverse customers. Customers can be confident that the products they purchase are subject to the highest standards of quality control. The organization is committed to constantly reviewing and upgrading the physical store base to optimize product selection and customer service. Over the past several months, the NSLC has renewed its focus on partnering with vendors and suppliers to provide industry-leading product assortments, merchandising programs, and product information.

The corporation recognizes that product knowledge training of all staff is a critical element of customer service and the organization is dedicated to providing a variety of learning opportunities. The NSLC is committed to and fully supports a range of employee health and safety initiatives to ensure that staff have the necessary equipment and knowledge to work in a safe manner. The Corporation recognizes the critical need to have adequate staff available in each store and the organization is focused on continually improving attendance to ensure a high level of customer service and operating efficiency.

As a key part of its mission, the NSLC is committed to supporting the growth and development of the beverage alcohol industry within the province. Action plans for this business plan period will include:

- actively participating with organizations such as the Grape Growers, Farm Wineries, Monitoring Committee and Taste of Nova Scotia to optimize business opportunities.
- provide retail support through initiatives such as effective product positioning, and providing shelf merchandising support.
- support enhanced retail opportunities such as Farm gate stores, Farmers Market, access to licensees and product pricing initiatives.
- support local product tastings at local events.
- showcase products in events such as the Port of Wines Festival event.

As a key element part of its mission, the NSLC works with suppliers and community groups to develop and implement a variety of programs to enhance social responsibility. The key principals for the NSLC are:

- support compliance to the Liquor Control Act
- operate and promote beverage alcohol in a socially responsible manner
- provide leadership in educating customers on responsible product use
- support initiatives that further the responsible use of beverage alcohol

Action plans for this business plan period will include:

- Compliance—Check 25 Program—to further awareness and reduce underage consumption, the NSLC will dedicate financial, training and in-store staff resources to ensure the effective operation of this compliance program.
- Awareness—to enhance public awareness of the dangers of drinking and driving, the NSLC will dedicate financial and advertising resources in conjunction with local school classrooms to expand the "Colourful Messages" program.

- Education—to enhance responsible consumption, the NSLC will dedicate financial and staff resources to further the efforts of organizations such as MADD and as well to develop and promote education based programs such as "Plan to Get Home Safe," "Don't Buy for Minors," the "Host—Responsible Entertaining" program, "Safe Graduation" and Web-based educational initiatives.
- Sponsorships—the NSLC will sponsor responsible use programs such as the New Years Eve "Ride Free" transit program.

Financially, the NSLC is committed to operating efficiently to provide an optimal level of revenue return to the province.

Long-Term Financial Forecast

*Before Discounts

	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
Volume (Hectos)	747,802.4	757,589.9	766,530.7	775,901.9	785,738.8
*Sales ($000's)	$432,263.4	$441,910.4	$452,172.7	$462,913.0	$474,168.4
Net Income ($000's)	$166,769.4	$169,610.6	$173,749.7	$178,199.3	$182,878.9

Planning Context

External Environment

Customer Base

The Conference Board of Canada outlook is for a very slight net population growth of 0.3 per cent in the province through this period. The significant population redistribution trend that we have seen in previous years across the province will continue, with a slow population decline in rural areas being offset by growth in larger, urban areas, particularly in HRM. The age and gender profile of the customer base will remain relatively consistent.

Economy

The Conference Board report predicts modest growth within the province over the period, driven by manufacturing, construction, growth in the service industries, and continuing development in the oil and gas sector. Customer personal income growth will be modest and partially contingent on government plans to implement future personal income tax cuts. Average wage increases are expected to be in the 2.0 per cent range, similar to the expected rate of inflation.

Retail Environment

Retail sales during the period are expected to grow by 3.9 per cent, largely as a result of an anticipated successful tourism season as travel continues to rebound following the sharp decline experienced after September 11, 2001, and general improvement in the provincial economy. This positive growth forecast recognizes the significant risks in this sector relating to fierce competitive pressures and shrinking overall retail margins. The NSLC will embrace the challenges and opportunities in the new competitive environment resulting from the implementation of agency stores and private wine and specialty stores.

Unemployment Rate

The Conference Board outlook is for the unemployment rate in the province to continue virtually unchanged from the present level of 9.0 per cent.

Competitive Retail Marketplace

The NSLC operates in a mature market, and therefore consideration of adding any new stores must be very carefully analysed. The corporation will work closely with stakeholders to understand and optimize the challenges and opportunities of agency stores and private wine and specialty stores going forward.

Internal Environment

Customer Service Enhancement

Consistent with its mission to provide a high level of customer service, the NSLC will continue to focus on enhancing the shopping experience by upgrading store locations and design, improving product selection, enhancing staff product knowledge, and embarking on an ongoing quantitative program of customer satisfaction monitoring, goal setting, and accountability measurement across the organization. The NSLC will continue to partner with suppliers with respect to research and also utilize research conducted by the Retail Council of Canada and other liquor jurisdictions.

Site Selection/Development and Design

The strategic direction is to enhance customer service and shopping experience through providing convenient retail environments.

- A network plan will be developed to analyse the location, size, design, product offer, and equipment of each of our NSLC stores. This plan will identify areas for improvement and propose future required improvements.
- Cold beer rooms will be tested in at least two additional stores to assess the impact on product sales and to refine our room design, refrigeration requirements, and merchandising before going forward.

Technology

The strategic direction for long-range information resource management is to continue to upgrade to a fully integrated, efficient, and reliable system infrastructure that meets our business needs. This includes an investment in hardware and software that will support and align current and future organizational functions. A specific area of focus for 2003-2004, will be optimizing the internal warehousing processes. Enterprise resource planning must also ensure that system support staff are technically skilled to effectively provide support for computer assets, that appropriate and effective procedures are in place to safeguard information system assets, and also to ensure the continuity of essential and critical business operations. The formal plan will be completed by the end of fiscal year 2003.

Human Resources

Key initiatives include ensuring that staff have a clear picture of what they must achieve in support of the corporation's overall objectives and that they have a good understanding of what constitutes success. This will be achieved through an increased focus on performance development. This initiative will also provide the basis for more effective recruitment and selection processes. Linked to this is the creation of an enhanced training and development program to support staff in meeting their performance objectives and providing opportunities for both personal and professional development. A review of NSLC's reward and recognition structures will ensure that they are aligned with and supporting the corporate objectives.

Wellness is one of a variety of attendance support initiatives that will assist staff in reducing absences. Continued emphasis on health and safety, and renewed efforts related to wellness, will support the corporation's goal of ensuring that its workplaces are safe and staff are in good health. The NSLC tracks absenteeism and will establish competitive benchmarks.

A succession plan is being finalized for key staff. The NSLC will establish workforce mix benchmarks.

Overall, the key goal in Human Resources is to understand, develop, and draw on the talents of NSLC staff to achieve success.

Communications

The NSLC communication objectives are to optimize external communication through proactively searching, fine tuning, and continually executing communication vehicles/events with key audiences. Our media relations policies and procedures and issues action program enhances our key messages to target audiences. Internally the mandate of our executive is to enhance communication. In late 2003, an independent communications audit will be completed, with recommendations and action items to be implemented in 2004.

Supply Chain Logistics

The overall strategic initiative is to optimize all elements of our supply chain. The strategic initiative is to develop and maintain an efficient warehousing, distribution, and replenishment system that can consistently maintain optimal stock levels and effectively distribute product.

A full review of warehouse operations and product distribution is presently in progress. Currently, the majority of processes in this area are paper or local PC application based, and there is no integrated system. The results of this review will identify the operating and technology requirements that will serve to optimize these core processes.

Products

Spirits

The NSLC continues to experience results similar to the industry trend of slow decline in this category as a result of an aging population moving from spirits to products such as wines, greater social awareness of the alcohol content of products, and the limited success that this category has had in attracting new younger customers.

Wines

This is a growth category with many new products constantly being introduced. Our challenge is to provide a consistent product mix that meets customer requirements while remaining operationally manageable and to recognize and exploit those new products that will become successful. A major challenge in this category is the long product delivery times of up to four months for products being sourced from areas such as Europe, South America, Australia and South Africa.

Beer

This category is composed of two parts. By far the largest segment of this category is domestic beer. These products account for over 82 per cent of the total product volume sold through the NSLC. This segment overall is in decline, and while there is frequent "switching" between brands, total volume is flat to negative over the past year.

The second segment within this category is import beer, which is less than 5 per cent of the total beer category, but which is experiencing rapid growth in excess of 20 per cent over the past year. Our Beers of the World program supports the growth of these brands.

Coolers

This is the fastest-growing category with consistent +25 per cent growth each year. A major challenge in this category is to manage the large number of new products being launched and to ensure adequate supply of key, fast-moving product SKUs.

Key Specific Initiatives

The overall strategic direction is to shift sales to premium and higher-margin product lines. The initiatives are as follows.

Spirits

- Rums of the World - a new program is being launched early in 2003 to exploit our very significant rum heritage and sales volume in the province. The strategic initiative is to increase product selection and move current rum drinkers into more upscale products.
- Flavoured alcohol beverages (FABs) - an expanded program with a significantly enhanced product mix of typically lower-alcohol content spirit products. The strategic initiative is to expand selection, provide refrigeration where available and required, merchandise as a category, and enhance product/recipe information and tasting to move typically younger cooler customers into true spirit products.

- Single malt scotch - this program is currently being further developed. The strategic initiative is to update and optimize our product selection and to enhance the category merchandising, tasting, and product information on these products to increase sales.

Wines

- Port of Wines event - following the 2002 event, review and update the strategy and tactics behind the fair/dinner. The strategic initiative will be to review and enhance the event to ensure that it actively supports the trial, education, and sale of wine category products with a major focus on moving current customers into more upscale varieties.
- Selection - the strategic initiative is to increase product selection while developing an effective mechanism to remove slow-selling products. On a category basis, we will look to bring in new products on a trial or one-time basis to assess customer interest and expand the product mix.
- Port of Wines - retail - expansion of this section beyond the current 37 stores in our network. The strategic initiative is to enhance the sales of these typically upscale products through increasing the number of our stores that offer a Port of Wines section.
- Wine merchandising - the strategic initiative is to increase wine sales and more specifically to increase the sale of more upscale wine varieties and to review and develop an enhanced range and scope of promotional and merchandising opportunities to increase the exposure of wine category products within our stores.
- Agent stocking program - this program has been established to enhance wine selections.

Beer

- Product cooling - the strategic initiative is to increase sales through offering chilled products in both bottles and cans when possible and to test this program in redeveloped stores that are featuring a cold beer room.
- Import beer - the strategic initiative is to move domestic beer customers into more upscale import products. Expand the "Beers of the World" program into more of our stores on a priority basis. Where possible, test chilling imported beer and featuring it in the cooler doors in those redeveloped stores that will feature a cold beer room.
- Import beer event - the strategic initiative is to increase import beer sales through enhanced product tasting and information. Develop a "Beers of the World" tasting/dinner event to increase product awareness, trial, and information.

Coolers

- Merchandising - the strategic initiative is to increase sales. Ensure product availability and review and develop enhanced promotional and merchandising opportunities.
- Product cooling - the strategic initiative is to increase sales by offering chilled product when possible in the cooler area doors. Test this program at redeveloped stores that feature a cold beer room.

Five-Year Plan—Key Success Indicators

Customer

Provide a consistently high level of customer convenience and service

To consistently deliver on this mandate, the NSLC must:

- understand our customers' needs
- offer our customers convenient access locations, hours of operation, distribution, and store design
- optimize product selection and in-stock position
- maintain a high level of staff product knowledge
- quantitatively measure results

Key Success Indicators

Customer Satisfaction Index

Objective: To develop and implement a quarterly customer survey to quantitatively assess customer satisfaction on an ongoing basis.

- Benchmark survey to be completed early in 2003.
- Success targets to be developed for the five-year plan in early 2003

Social Responsibility

Support initiatives on the responsible use of beverage alcohol and operate in a socially responsible manner

To fulfil this mandate, the NSLC must take a leadership position to educate and further the responsible consumption of beverage alcohol in a socially responsible manner.

The key principles for the NSLC are to:

- support compliance with the Liquor Control Act
- operate and promote beverage alcohol in a socially responsible manner
- provide leadership in educating customers on responsible product use
- support initiatives that further the responsible use of beverage alcohol

Action plans for this business plan period will include the following:

- Compliance - Check 25 Program - to further awareness and reduce underage consumption, the NSLC will dedicate financial, training, and in-store staff resources to ensure the effective operation of this compliance program.
- Awareness - to enhance public awareness of the dangers of drinking and driving, the NSLC will dedicate financial and advertising resources in conjunction with local school classrooms to expand the Colourful Messages program.
- Education to enhance responsible consumption, the NSLC will dedicate financial and staff resources to further the efforts of organizations such as Mothers against Drunk Driving (MADD) and as well to develop and promote education based programs such as Plan to Get Home Safe, Don't Buy for Minors, the Host—Responsible Entertaining program, Safe Graduation, and web-based educational initiatives.
- Sponsorships - the NSLC will sponsor responsible use programs such as the New Year's Eve Ride Free transit program.

Key Success Indicators

Check 25 Program

Objective: To operate the Check 25 program effectively to reduce underage consumption.

Indicator: Number of challenges (proof of age)

2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
250,000	252,000	255,000	257,000	260,000	263,000

Colorful Messages

Objective: To work with schools and school boards to increase awareness of the dangers of drinking and driving

Indicator: Number of classrooms participating in this program

2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
242	245	248	252	255	255

Employee Development

Support employees in developing their skills and abilities in an organization focused on achievement, equality, and continuous learning

To fulfil this mandate, the NSLC will focus on enhanced performance management tools to create stronger links between job performance and achievement of corporate objectives. This will be supported by an enhanced training and development program focused on hands-on training versus correspondence.

Key Success Indicators

- 100 per cent completion of an annual goal setting and performance development review for all employees
- develop and implement an annual employee survey including the analysis and communication of results. Benchmark survey to be implemented early in 2003.

Economic Development

Support economic development of the beverage alcohol industry in Nova Scotia

To fulfil this mandate, the NSLC will support the beverage alcohol industry in Nova Scotia.

Action plans for this business plan period will include:

- actively participating with organizations such as the grape growers, farm wineries, monitoring committee, and Taste of Nova Scotia to optimize business opportunities
- providing retail support through initiatives such as effective product positioning and providing shelf-merchandising support
- supporting enhanced retail opportunities such as farm gate stores, farmers markets, access to licensees, and product-pricing initiatives
- supporting local product tastings at local events
- showcasing products in events such as the Port of Wines Festival event

Key Success Indicators

Nova Scotia Product Sales

Objective: To increase sales dollars of Nova Scotia owned beverage alcohol products

Indicator: Total sales (in millions)

2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
$5.7	$6.0	$6.8	$7.6	$8.3	$8.5

Indicator: Nova Scotia farm/cottage product volume sales as a percentage of total domestic wines

2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
19.6%	20.0%	20.5%	21.0%	21.5%	22.0%

Revenue Generation

Generate revenue through effective and efficient retailing

To fulfil this mandate the NSLC is committed to operating in an effective and efficient manner to generate revenue return to Nova Scotia.

Key Success Indicators

Net Results

Net results (millions of dollars)

2001–2002	2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
$143.9	*$160.2	$166.8	$169.6	$173.7	$178.2	$182.9

* Special Note: very significant increase over previous year due to universal markup increases.

Total Expense Management

Expense dollars as a percentage of sales

2001–2002	2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
12.8%	*11.8%	**11.9%	11.9%	11.8%	11.7%	11.6%

* Lower ratio for fiscal year 2002–03 is the result of a one-time mark up increase as well as deferred expenses.

** Fiscal year 2003–04 expense includes a 3 per cent wage adjustment.

Supporting Forecasts

Sales (millions of dollars)

2001–2002	2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
$391.9	*$415.2	$432.3	$441.9	$452.2	$462.9	$474.2

* Special Note: very significant increase over previous year due to universal mark up increases.

Volume by Category (hectolitres)

	2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
Spirits	50,691.4	50,561.3	50,814.1	51,068.2	51,323.5	51,580.1
Wine	57,318.2	59,400.8	61,776.8	64,247.9	66,817.8	69,490.5
Beer	606,551.6	610,465.1	613,517.5	616,585.0	619,668.0	622,766.3
Coolers	23,355.7	27,375.2	31,481.5	34,629.6	38,092.6	41,901.9
Total	737,917.0	747,802.4	757,589.9	766,530.7	775,901.9	785,738.8

Gross Profit (dollars/litre/category)

	2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
Spirits	$16.91	$16.95	$16.97	$17.00	$17.02	$ 17.05
Wine	$ 6.34	$ 6.40	$ 6.41	$ 6.42	$ 6.43	$ 6.44
Beer	$ 1.38	$ 1.40	$ 1.41	$ 1.42	$ 1.42	$ 1.42
Coolers	$ 3.14	$ 3.20	$ 3.21	$ 3.21	$ 3.21	$ 3.21

Inventory Turns (inventory turns within the warehouse)

	2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
Domestic	16.5	17.0	17.5	18.0	18.5	18.5
Import	5.5	5.8	6.0	6.2	6.4	6.6

Average Sales Dollar per Transaction

2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
$25.69	$25.75	$26.00	$26.25	$26.50	$26.75

Store Expense Management (store level expenses as a percentage of sales)

2001–2002	2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
8.90%	*8.39%	**8.43%	8.41%	8.39%	8.36%	8.32%

* 2002–2003 lower ratio is the result of a one-time mark up increase as well as deferred expenses.

** 2003–2004 expense includes a 3 per cent wage adjustment and related benefit cost increases. The 2003–2004 ratio is the second lowest of all liquor jurisdictions in Canada.

Warehouse/Distribution Management (warehouse expenses as a percentage of sales)

2001–2002	2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
1.08%	.90%	.90%	.89%	.87%	.86%	.85%

Budget Context

Financial Forecast ($,000)

Actual 2000-2001	% to Sales	Actual 2001-2002	% to Sales	Projected 2002-03	% to Sales		Budget 2003-04	% to Sales
725,613		731,820		737,917		Volume (hectos)	747,802	
376,404	100%	391,560	100.0%	415,234	100%	Sales	432,264	100%
		133		1,008		*Discounts	1,205	
190,735	50.7%	197,563	50.5%	205,001	49.4%	Cost of Sales	213,009	49.3%
185,669	49.3%	193,864	49.5%	209,226	50.4%	Gross Profit	218,050	50.4%
						Expenditures		
33,321	8.9%	34,737	8.9%	34,834	8.4%	Store Operating Exp.	36,451	8.4%
3,980	1.1%	4,217	1.1%	3,747	0.9%	Warehousing & Distribution	3,876	0.9%
3,678	1.0%	3,432	0.9%	3,538	0.9%	Depreciation Expense	3,390	0.8%
8,482	2.3%	8,609	2.2%	9,240	2.2%	Administrative Exp.	10,117	2.3%
1,386	0.4%	2,650	0.7%	1,554	0.4%	Other Expenses	1,711	0.4%
3,395	0.9%	3,695	0.9%	4,180	1.0%	Other Revenue	4,554	1.1%
1,034	0.3%	56	0.0%	252	0.1%	Retirement Expense	290	0.1%
48,485	12.9%	50,006	12.8%	48,985	11.8%	Total Expenditures	51,280	11.9%
137,183	36.4%	143,858	36.7%	160,241	38.6%	Net Operating Income	166,770	38.6%

*Discounts pertain to agency and private wine stores.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia Municipal Finance Corporation
Business Plan 2003–2004

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Mission

To utilize credit enhancement and debt pooling techniques to meet clients' approved funding requirements at the lowest possible cost.

Introduction

This is achieved through the issuance of debentures. The Corporation pools municipal borrowing requirements which eliminate the need for individual municipalities to negotiate and administer their own debenture issues. Under the MFC arrangement, the debt issuance functions remain in the public sector domain.

The Nova Scotia Municipal Finance Corporation (MFC) was established by an Act of the Legislature of the Province of Nova Scotia in 1979. The MFC concept is widely used in Canadian provinces and American states as a cost effective, efficient means of raising long term debenture funds to finance municipal capital projects. Studies have shown that smaller municipalities with lower credit ratings receive the greatest interest savings from MFC participation and that all municipalities can benefit from savings in the cost of administration on outstanding debenture issues.

The Corporation's purpose is to provide low cost financing to its clients which includes municipalities, municipal enterprises, school boards and hospitals. All municipalities, municipal enterprises and school boards must finance, and hospitals may finance their external capital requirements through the Corporation. Exceptions occur for capital projects funded directly by the Province of Nova Scotia (e.g., most school board capital projects), short term financing, and certain projects for which funds may be borrowed from other governments.

The affairs of the Corporation are managed by a Board of Directors appointed by the Governor-in-Council. Forty percent are appointed on the recommendation of the Union of Nova Scotia Municipalities. Three full time staff of the Corporation are supported through staff and resources from the provincial Departments of Finance, Justice, and Service Nova Scotia and Municipal Relations.

As of the 2001–2002 fiscal year end, the Corporation had $482,172,500 in long term debt in the form of debentures and $481,799,110 in loans outstanding. Debentures and loans are directly administered by staff of the Corporation, with assistance from the Nova Scotia Department of Finance. The Corporation also administers sinking fund trusts on behalf of municipal units for non-serial issues. The March 31, 2002 these funds were valued at $23,715,763. The administration budget for 2002–2003 is $289,425.

The benefits (both in terms of interest rates and administration of issue expenses) of pooling individual municipal capital borrowing requirements would be lost if each municipal unit was to access the market directly. If the Province were to raise the funds and make loans directly to municipal units, municipalities would not be represented when decisions were being made on municipal borrowing policies and practices. The formation of the MFC was initiated by the 1975 "Proposal for Municipal Reform" study sponsored by the Union of Nova Scotia Municipalities. Forty percent of the Board of Director's is appointed on the recommendation of the UNSM, a reflection of the desire to have strong municipal representation in the affairs of the Corporation.

Planning Context

Plans for the upcoming fiscal year are formulated in accordance with client needs. The MFC must ensure it has ready access to capital markets and that it has the financial and administrative ability to meet local government demand for capital infrastructure funding.

The operational context for Corporation activities in the upcoming year is strongly influenced by the following:

- Identifying client needs and responding to them. This is an ongoing challenge to any client oriented organization and the MFC is no exception. Local governments in Nova Scotia are encouraged to undertake long term capital planning and explore financing options. The MFC sees its role as one of regular communication with local governments to ensure they are aware of capital financing options and to develop or adapt products to meet their requirements.
- Responding to requests from the Province to include selected school boards and health district authority projects and to organizations such a the Federation of Canadian Municipalities to provide a conduit for low cost loans.

- Keeping abreast of developments in local government capital finance. As a specialist organization, the MFC is challenged to develop, maintain and demonstrate an expertise in local government capital finance. A related issue is credit enhancement, where options in addition to the provincial guarantee or purchase of MFC debentures which is currently used, are bond insurance, revenue bonds, strong stand-alone credit ratings (e.g. BCMFA), expanding the pool of borrowers, and the use of reserve funds. The MFC Board of Directors will take a proactive role with respect to this issue. The MFC communicates with the investment community, other MFC's, local governments outside of Nova Scotia, professional associations and the academic community.
- Maintaining financial self sufficiency. In order to meet its mandate, it is incumbent on the Corporation to ensure that it is economically viable in both the short and long terms. This includes a matching of assets and liabilities both as to amount and maturity, maintaining banking arrangements and credit facilities, credit risk, adequate reserves, and the ability to cover administration expenses.

The major risk to the corporation is the availability of resources needed to carry out its mandate. Some resources are directly under the control of the Board whereas others are provided by Provincial departments and there is a risk that the priorities of the MFC and the department involved may be different.

Strategic Goals

- To work with clients, the Province and the investment community in providing capital financing to our clients at the lowest cost of funds available for their particular debt structure and timing needs.
- To explore and develop new methods and products for meeting the needs of our clients through contact with the investment community, the public sector and academic research.
- To promote responsible and professional approaches to municipal capital project planning and financing (jointly with the Provincial Department of Service Nova Scotia and Municipal Relations)
- To provide a sustainable source of financing to clients by prudent management of all financial aspects of the Corporation, which includes credit risk and asset/liability management.

These goals promote low cost municipal financing for capital infrastructure and long term financial planning, and support the Provincial governments priorities of economy, jobs and growth. Capital infrastructure is a major component of economic development in both (1) attracting and retaining business investment and (2) promoting communities that are attractive places to live.

Core Business Areas

1. Providing low-cost funds to clients

- Provide financing for clients' approved funding requirements by pooling these requirements and issuing debentures. Separate issues can be arranged for single capital projects in amounts sufficient to permit a public issue, provided they do not preclude a pooled issue for other clients.
- Perform the intermediary/conduit role in enabling municipalities to access low cost loans from national programs and non profit organizations.
- Administer debt issues and loans to further reduce client borrowing expenses. This involves the collection and administration of loans from clients and the payment of interest and principal on debentures outstanding. Other administrative functions include the management of computerized loan and debenture systems, the issuance of income tax receipts to investors, budgeting, accounting, reporting, and office administration.
- Administer sinking fund trusts on behalf of clients. In addition to issuing serial debentures, the Corporation also issues bullet debentures, which have no principal payments due until the end of their term. Sinking fund trusts are established for each bullet debenture series and these trusts are administered by the Corporation. The administration includes security purchases, administration of investment income from securities held, analysis of the adequacy of current levels of installment payments to meet loan repayment requirements at maturity, fund valuation at year-end and at maturity, reporting and accounting. As at December 31, 2002 there were no sinking fund under administration.

2. Explore improved methods and products in meeting client needs

- Maintain communication links with the investment community, public sector finance practitioners and academics and carry out research as required to enable the Corporation to respond to changing client needs.
- Periodic review of the present methods of loan approval and credit enhancement and evaluate their suitability to the current environment.
- Prepare and review policy recommendations regarding the Corporation's use of financial innovation techniques and instruments.
- Assist local governments in evaluating alternative methods of raising capital project financing including partnerships with the private sector.

3. To support Service Nova Scotia and Municipal Relations in encouraging municipal government to adopt and maintain a professional approach to capital project planning and finance.

- Educate municipal clients on the topic of capital planning and finance through the identification of relevant professional association resources, seminars and field visits.
- Work with Service Nova Scotia and Municipal Relations in promoting an informed and responsible approach to capital planning and finance.

4. Prudent financial management to ensure a sustainable source of low cost funding for local governments in Nova Scotia

- To ensure that an acceptable process is in place for evaluating the credit worthiness of the loans made by the Corporation.
- To ensure the Corporation's assets and liabilities (as well as those it manages in trust) are matched in both amount and duration.

Priorities for 2003–2004

1. Providing low-cost funds to clients.

- To meet all approved requests for debenture funding by issuing debentures for the amount required to meet municipal borrowing requirements (expected to be in the $60 to $80 million range) and lending a similar amount to municipal units and enterprises.
- To facilitate the provision of low cost Federation of Canadian Municipalities Green Fund loans
- To consider meeting the capital funding needs of non-municipal borrowers when requested to do so by the Province of Nova Scotia.
- To meet all requests for short-term financing pending issuance of a debenture
- To meet all requests for bridge financing from municipalities participating in federal provincial cost shared infrastructure projects
- To administer $500 million in outstanding debentures which includes the payment of debenture interest.
- To administer $500 million in outstanding loans to municipalities, school boards, and hospitals.
- To invest and administer sinking fund trusts as required.
- Continue to compare favourably with other MFC's on the basis of administration costs per loan, new issue placement, and sinking fund administration costs to service ratios.
- Prepare an annual report of corporate activity.

2. Explore improved methods and products in meeting client needs.

- Consultation with municipal officials on capital financing needs and the preferred features in the debentures issued through the MFC
- Consult with clients on additional financial services which they may require
- Work with potential non municipal clients on an 'as requested' basis to identify the best ways of achieving client financing needs and MFC credit quality considerations.
- Undertake a MFC role/program evaluation initiative with MFC clients and other stakeholders.
- Continue to explore alternative methods of credit enhancement.

- Proceed with the next steps to develop and promote a pooled leasing program that is beneficial to MFC clients
- Establish committees, as required by the Board, to study the merits of financial innovation regarding the introduction of new products and services.
- Work with the Corporation's lead managers and other members of the investment community, staff of the Nova Scotia Department of Finance, other Municipal Finance Corporation's, and others involved in municipal capital financing to identify evolving local government financial product needs and the optimum means of satisfying them.
- Co organize the inaugural meeting of Canadian MFCs to coincide with the July 2003
- Provincial borrowers conference in Stanley River, PEI.
- Maintain the NSMFC website

3. To support Service Nova Scotia and Municipal Relations in encouraging municipalities to adopt and maintain a professional approach to capital project planning and finance.

- Provide a leadership role in the Government Finance Officers Association (GFOA)/Association of Municipal Administrators (AMA) initiative to promote the financial and budgeting policies of the GFOA to Canadian Municipalities.
- Communication with existing and future clients.
- Collaborate with staff of the Department of Service Nova Scotia & Municipal Relations in developing responses to municipal capital financing proposals.
- Respond in a timely fashion to all inquiries on interest rate levels, projections, and funding options

4. Prudent financial management

- Obtain verification of credit worthiness from the Department of Service Nova Scotia & Municipal Relations prior to setting the parameters for pooled issues.
- Match the amount, term and timing of MFC debentures and loans to units

Human Resources

In order to provide the level of staff resources required to meet all priorities of the Corporation, the following steps should be taken.

1. Maintain the appropriate investment in staff resources and training to ensure that qualified staff has the tools needed to implement the Corporation's strategic goals.
2. Maintain the current emphasis on utilizing up-to-date information technology which recognizes that improvements in technology are essential to the effectiveness of the operation.
3. Maintain staff and resource support from the departments of Finance, Service Nova Scotia and Municipal Relations, and Justice, in existing operational areas. This support is required if all priorities are to be met.

Performance in 2002–2003

1. Provided low-cost funds to clients.

- Issued $95,624,000 in debentures and on-loaned a similar amount to clients.
- Extended loan term to fifteen years for the fall issue in response to municipal requirements
- Responded to client needs in a timely fashion by pricing issues within 4 to 6 weeks of the deadline dates for formal municipal requests. This represents an improvement over the 6 to 9 week period experience in the previous fiscal year.
- Administered $3,635,000 in short-term financing pending issuance of debentures
- Administered $482 million in outstanding debentures which included the payment of debenture interest.
- Administered $482 million in outstanding loans to municipalities, school boards, and hospitals.
- Invested and administered pooled sinking fund trusts valued at $23 million.

- NSMFC's cost to activity ratios based on loans outstanding and new issue placement were in the mid range of those for Canadian MFCs.
- Prepared an annual report of corporate activity.

2. Explore improved methods and products in meeting client needs.

- Staff continued with attempts to implement the MFC/inter-departmental/municipal committee recommendation to develop a funding source for a pooled lease financing program for Nova Scotia municipalities.
- The Corporation developed a bridge financing program for municipalities participating in multi year funding arrangements under the federal - provincial infrastructure program.
- The Corporation provided advice on financing options for of a large municipal capital project.
- The Corporation was represented on the municipal borrowing process review committee established by the Province's Service Nova Scotia & Municipal Relations department.
- Several meetings were held with FCM Green Fund officials to discuss the appropriate process and structure for using MFC as the conduit for these low cost infrastructure funds.
- The Corporation was audited by the Auditor Generals department during the year.
- Meetings were held with the Corporation's lead managers and other members of the investment community, staff of the NS Department of Finance and other Municipal Finance Corporations, to discuss trends and developments in municipal capital financing.
- Staff worked with jointly with SNS&MR in providing guidance and advice to municipalities developing and reviewing their investment policies.
- At the request of the Minister of Health, added health authorities to its client base
- Held preliminary discussions with municipalities regarding their interest in developing a pooled investment fund.
- Improved the NSMFC website
- Twenty (20) field visits were conducted during the year

3. To support Service Nova Scotia and Municipal Relations in encouraging municipalities to adopt and maintain a professional approach to capital project planning and finance.

- Twenty (20) field visits were conducted during the year.
- Made presentations on MFC initiatives at four regional meetings of the Nova Scotia Association of Municipal Administrators.
- Worked with staff of the Service Nova Scotia & Municipal Relations and/or municipal staff in developing responses to municipal capital financing proposals.
- Developed and promoted an education program to improve financial capacity in local government
- Responded to the information needs of municipalities and the investment community.

4. Prudent financial management

- Obtained verification of credit worthiness from Service Nova Scotia & Municipal Relations prior to setting the parameters for pooled issues.
- Matched the amount, term and timing of MFC debentures and loans to units.

Budget Context

Estimated Budget Expenditures by Core Business

	Forecast 2002–2003 ($)	Budget 2003–2004 ($)
Interest on loans to units	30,454,163	29,020,499
Amortization of discount on loans to units	250,185	228,269
Interest on short-term investments	146,412	131,537
Current discount on loans to units	606,069	482,650
Total Revenues	**31,456,829**	**29,862,955**
Interest on debentures debt and short-term loans	30,442,061	28,989,442
Amortization of discount on debenture debt	252,348	228,893
Debenture issue expenses	373,443	305,550
Administrative expenses	289,335	337,053
Total Expenses	**31,357,187**	**29,860,938**
Net Revenue	**99,642**	**2,017**

Outcomes and Performance Measures

Core Business Area 1 *Providing low cost funds to clients*

Outcome *(immediate or intermediate)*	**Measure** *(outcome-based; quality, efficiency/ productivity, cost-effectiveness)*	**Data Base Year = 2001–02** *(for baseline and sub-sequent years)*	**Target 2003–04** *(optional)*	**Target 2004–05**	**Strategies to Achieve Target**
To provide low cost funding to municipal units in a timely manner	Percentage of approved municipal requests for long term loans that received MFC financing	100%	100%	100%	• Ensure adequate credit approval system
	Percentage of approved municipal requests for short term loans that received MFC financing	100%	100%	100%	• Ensure adequate credit approval system. • Ensure credit enhancement and provincial requirements are in place at the beginning of each fiscal year. Note: Market conditions and trends play a major role in the timing of debenture issue pricing.
	Average number of weeks between long term loan request deadline and pooled debenture issue pricing	6 to 9	4 to 6	3 to 6	
	Average number of weeks between short term loan requests and receipt of funds	2 to 3	2 to 3	2 to 3	

Core Business Area 1 *Providing low cost funds to clients*

Outcome *(immediate or intermediate)*	Measure *(outcome-based; quality, efficiency/ productivity, cost-effectiveness)*	Data Base Year = 2001–02 *(for baseline and sub-sequent years)*	Target 2003–04 *(optional)*	Target 2004–05	Strategies to Achieve Target
	Quality of credit enhancement used. Spread of Province of N.S. in Basis Points (BP) that are similar to MFC spreads in other Atlantic Provinces.	Same Spreads	Same Spreads	Same Spreads	• Maintain quality of portfolio • Increase profile of MFC credit quality • Work with other municipal issuers to reduce the spreads between provincial and municipal issues
	5 year terms	6 BP			
	10 year terms	11 BP			

Core Business Area 2

To support Service Nova Scotia and Municipal Relations in encouraging municipalities to take a professional approach to capital planning and finance.

Outcome *(immediate or intermediate)*	**Measure** *(outcome-based; quality, efficiency/ productivity, cost-effectiveness)*	**Data Base Year = 2001–02** *(for baseline and sub-sequent years)*	**Target 2003–04** *(optional)*	**Target 2004–05**	**Strategies to Achieve Target**
MFC/Client awareness of new financial products and features that may help municipal units.	Percentage of municipal clients contacted per year	35%	45%	75%	• Field visits • Presentations at Association of Municipal Administrators' regional meetings and conferences.
	Number of annual MFC contacts with reps of the financial, professional association and academic groups.	100	100	100	• Meetings, conferences and telephone conferences

Core Business Area 2

To support Service Nova Scotia and Municipal Relations in encouraging municipalities to take a professional approach to capital planning and finance.

Outcome *(immediate or intermediate)*	**Measure** *(outcome-based; quality, efficiency/ productivity, cost-effectiveness)*	**Data** **Base Year = 2001–02** *(for baseline and sub-sequent years)*	**Target 2003–04** *(optional)*	**Target 2004–05**	**Strategies to Achieve Target**
Optimum uses of capital funds & improved community infra-structure as reflected in municipal units' use of best practices & adherence to sound capital planning & finance processes	Percentage of borrowers with a capital budget	62%		95%	• This is the basic multi-year capital planning tool for municipalities.
	Percentage of borrowers with a capital debt policy	8%		50%	• Capicity building through training, education and professional development. A capital debt policy is best suited to urban municipalities with high demand for capital infra-structure (new and renewal)
	Percentage of borrowers with a capital improvement plan	N/A		50%	

Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2003–2004

Nova Scotia Power Finance Corporation

Business Plan 2003–2004

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Mission

To ensure that the debt of NSPC, which is guaranteed by the province, is discharged in an orderly and timely manner.

Introduction

Under an Asset Transfer Agreement, dated August 10, 1992, Nova Scotia Power Corporation (NSPC) transferred all of its existing assets, liabilities and equity, except for long-term debt and related sinking funds, to the privatized company Nova Scotia Power Inc. (NSPI), in exchange for matching notes receivables equivalent to outstanding long-term debt, matching notes payable equivalent to sinking fund assets, and an amount of fully paid common shares. The latter were sold in a secondary offering on August 12, 1992.

Subsequent to the reorganization and privatization, the business activities of NSPC continued under NSPI. Concurrently, the Nova Scotia Power Corporation changed its name to Nova Scotia Power Finance Corporation (NSPFC). NSPFC retained the long-term debt, which is guaranteed by the province and the related sinking funds. The entire original debt of $2,152,879,732, guaranteed by the province, was offset by sinking funds, and the balance defeased as per the agreed schedule to December 31, 1997.

In terms of the Nova Scotia Power Reorganization (1998) Act, NSPI was reorganized as a holding company, NS Power Holdings Inc., in December 1998. The holding company structure does not change the underlying obligations under the existing agreements. The holding company changed its name to Emera Incorporated on July 10, 2000.

Planning Context

Nova Scotia Power Finance Corporation (NSPFC) continues to be on target of meeting its mission objective outlined above during the course of the current planning horizon.

Performance in 2002–2003

The outstanding debt continues to be defeased in accordance with the terms of the Defeasance Agreement, and the defeasance assets are adequate to to ensure the repayment of all NSPC debt guaranteed by the province.

Strategic Goal

After December 31, 1997, to monitor the adequacy of the defeasance portfolio and to ensure the repayment of all NSPC debt guaranteed by the Province of Nova Scotia, at the respective debt maturities.

Core Business Area

Nova Scotia Power Finance Corporation is responsible for monitoring the defeasance and repayment by NSPI of its debt guaranteed by the Province of Nova Scotia. NSPFC holds notes payable by the NSPI in case of default of NSPC debt repayment. The final guaranteed note matures February 26, 2031.

Priorities for 2003–2004

- To ensure continuing progress towards elimination of NSPC debt guaranteed by the Province of Nova Scotia and defeased by NSPI.
- To ensure the defeasance assets are of such a quality that the defeasance program will have a very high likelihood of achieving its goals.

Budget Context

Nova Scotia Power Finance Corporation has no employees. NSPI executes necessary transactions to create and maintain the defeasance portfolio. The monitoring of NSPI debt defeasance is performed by a Board of Directors, appointed by the Government of Nova Scotia, with staff support from the Nova Scotia Department of Finance. The accounting firm of Deloitte & Touche certifies the defeasance assets arranged by NSPC.

Under the terms of the privatization agreements, NSPI is responsible for the payment of all NSPFC expenses.

Outcomes and Performance Measures

Outcome

Entire outstanding debt defeased in accordance with the Defeasance Agreement.

Measure

The Defeasance Agreement required the defeasance of a minimum of $1,381,600,000 of outstanding NSPC debt by December 31, 1997. This minimum has already been met and surpassed, $1,440,290,000, having been defeased by March 31, 1997.

Outcome

Defeasance assets are adequate to ensure the repayment of all NSPC debt guaranteed by the Province.

Measure

Outstanding debt as at 31 March 2002 was C$700,000,000 and US$300,000,000; defeased assets as at March 31, 2002 had the same principal amounts and market values of C$1,022,184,000 and US$399,191,716, thus rendering the guaranteed debt fully defeased. Adequacy of defeasance assets are certified by the auditing firm of Deloitte & Touche.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Nova Scotia Resources Limited
Business Plan 2003–2004

Mission

To profitably manage its asset base in Nova Scotia's petroleum and energy industry by selective participation in ongoing projects and prudent investment in future development opportunities as they arise.

Planning Context

In fiscal year 2000, the Province of Nova Scotia placed Nova Scotia Resources Limited on the market, resulting in the sale of all the company's Sable Offshore Energy Project (SOEP)-related assets and other miscellaneous interests.

Nova Scotia Resources Limited is continuing to work on the sale of the remainder of the company when best value can be achieved.

The assets remaining include a 50% interest in the remaining assets of the COPAN project, and interests in 13 other potential oil and gas fields held under Significant Discovery Licences (SDL's) issued by the Canada-Nova Scotia Offshore Petroleum Board.

The goal for the 2003-2004 year is to maintain the value of those assets with the ultimate goal of achieving best value through the sale of the assets or shares of the company.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Rockingham Terminal Incorporated
Business Plan 2003–2004

Planning Context

Rockingham Terminal Inc. (RTI) was created as a special-purpose Crown corporation in December 1998 by an Order-in-Council. RTI was created to advance the development of a new container terminal in Halifax to accommodate post-Panamax–size ships.

RTI was established to promote, manage, and protect the interests of the Province of Nova Scotia within the context of the competitive bidding process commenced by Maersk Inc. and Sea-Land Services Inc. In May 1998, Maersk and Sea-Land issued a request for proposals to seven ports located on the northeastern seaboard. The request for proposals was to provide the companies with a facility capable of handling their post-Panamax ships. In December 1998 Halifax was short-listed along with Baltimore and New York/New Jersey.

In order to facilitate the development of a proposal, the Province of Nova Scotia, the Halifax Port Corporation (now the Halifax Port Authority), and the Halifax Regional Municipality joined forces as the Halifax Port Group. Following the short-listing of the bid, the Province of Nova Scotia created RTI to act on its behalf during the bidding process. The province, through RTI, was the lead partner in all matters associated with the bidding process, facility development, and financing.

In May 1999, Maersk/Sea-Land announced that they would pursue development of a facility elsewhere. RTI wound up operations and has been dormant since the end of the 1999–2000 fiscal year. It is presently unfunded and inactive, RTI remains incorporated in the event that future port development opportunities arise.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Sydney Environmental Resources Limited
Business Plan 2003–2004

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Mission

To maintain the physical assets of the former Sydney Tar Ponds Clean-Up Inc.; secure Nova Scotia's land holdings within the Muggah Creek Watershed and Sydney Steel plant site, assist in decommissioning of industrial structures on the Steel plant site and adjacent Nova Scotia lands, and provide various labour-related services to the management of Sysco and the Sydney Tar Ponds Agency (NS).

Introduction

Sydney Environmental Resources Limited was incorporated under the Nova Scotia Companies Act on July 10, 1990. The Governor in Council, Province of Nova Scotia, on the report and recommendation of the Minister of Industry, Trade and Technology and in accordance with the appropriate acts, approved establishment of Sydney Environmental Resources Limited (SERL), formerly Sydney Tar Ponds Clean-Up Incorporated, on March 26, 1991.

The corporation is organized around three units:

- Planning and Administration
- Operations
- Contract Services

Planning Context

Early in the 2003–2004 fiscal year, community stakeholders anticipate advancing a recommendation to government partners on a preferred method for the clean-up of the Muggah Creek Watershed. The corporation anticipates that before the expiry of the fiscal period the government partners will successfully conclude negotiations on a new overarching funding agreement respecting the Muggah Creek Watershed clean-up. Consequently, this plan is predicated in part on the assumption that Nova Scotia will continue to be active in the clean-up process and require the support and specialized expertise of the corporation in Sydney as part of its overall involvement.

Thermal destruction technologies are understood to be on the short list of clean-up methods proposed for the Muggah Creek Watershed. Therefore, it is assumed that some of the assets of the former Sydney Tar Ponds Clean-up under the corporation's charge could potentially be of consequence in the clean-up of the tar ponds and coke ovens. Therefore, ongoing maintenance of the technology at a level suitable to its eventual recommissioning is considered appropriate.

Decommissioning of Sysco is understood to remain a government priority. Among other things, the current decommissioning plan is based on expedited processes, fiscal responsibility, accountability, environmentally safe practices, and harmonious relations with labour. The corporation contributes noticeably to the realization of these objectives and expects to continue this practice for as long as decommissioning continues.

The steel plant area with its significant port facilities has obvious potential as an industrial site. Consequently, the corporation anticipates deploying staff and resources at the direction of the government for the purpose of optimizing the potential of the site in the long-term economic development of Cape Breton.

The corporation is both directly and indirectly responsible for security of Nova Scotia's industrial land holdings formerly used in steel making. It is anticipated that this responsibility will continue to reside with the corporation.

In terms of the fiscal year 2002–2003, there are issues or challenges with the potential to significantly affect corporate operations, some of which are largely beyond the company's immediate control.

- Thermal combustion technologies are understood to be on a short list of potential clean-up methods for the Muggah Creek Watershed. Consequently, the corporation has assumed that the fluidized bed incinerators now being maintained may again be certified as appropriate for use in the destruction of coal tars and other hazardous waste within the Muggah Creek Watershed. However, it cannot be concluded that a final recommendation on a clean-up technology will recommend use of the units.
- As yet, there is no clear indication that a new funding agreement between government partners respecting the clean-up of the Muggah Creek Watershed will be executed. Therefore, it cannot be assumed that the corporation's support services, as currently provided to Nova Scotia as lead agency on the existing memorandum, will be required throughout the fiscal period.
- The corporation is active in decommissioning the steel plant site under contract to the agent for the Province of Nova Scotia on Sysco and its principal deconstruction contractor on site. Either or both parties may alter the current working relationship, resulting in the diminution or termination of the corporation's role.

- The corporation is not aware that the government has yet formalized plans for the remediation, management, and administration of the steel plant site in the longer term. Consequently, there is no certainty that the corporation will continue its current role in the provision of security or become directly involved in remediating and directing future site activities.

The corporation maintains its head office at 1 Inglis Street, Sydney, Nova Scotia, and reports to the Minister of Transportation and Public Works, Province of Nova Scotia.

Strategic Goals

Sydney Environmental Resources Limited's strategic goals are:

- To support Nova Scotia in its environmental and health and safety objectives through the provision of a range of specific services appropriate to planning and cleaning up the Muggah Creek Watershed as articulated by the government partner.
- To pursue Nova Scotia's long-term environmental, health and safety, economic, and fiscal objectives specifically respecting the former steel plant site by decommissioning significant industrial structures in a cost-effective and safe fashion and remediating the area.
- To protect Nova Scotia's fiscal position in the eventual clean-up of the Muggah Creek Watershed by maintaining the assets of the former Sydney Tar Ponds Clean-up Inc. until such time as a decision on the clean-up technologies is made.
- To secure Nova Scotia land holdings within the Muggah Creek Watershed and to protect the province's interests in the site.
- To ensure co-operative, productive labour relations with the collective bargaining unit involved in decommissioning industrial structures and securing lands formerly used in the steel production process.
- To maintain an effective working relationship with Sydney Steel Corporation, and its agents and assigns, and to advance Nova Scotia's objectives respecting decommissioning, remediation, and future use of the steel plant site, protecting the province's interests and pursuing arrangements and initiatives that mitigate the province's fiscal position as regards the site.
- To complement Nova Scotia's role, in particular that of the Sydney Tar Ponds Agency, as a partner in the clean-up of the Muggah Creek Watershed through informed decision making and strategic actions consistent with the government's themes and partnership objectives.

Core Business Areas

Sydney Environmental Resources Limited's core business functions are as follows:

1. Support Nova Scotia's involvement in the Muggah Creek Watershed Clean-up

SERL will support the Sydney Tar Ponds Agency (STPA (NS)) in discharging Nova Scotia's responsibilities as lead agency within the framework of the Memorandum of Understanding between government partners and the Joint Action Group on Environmental Clean-Up. Where required, administrative staff (complement of three) at SERL will provide essential clerical and other administrative support services to supervise designated contracts, provide administrative infrastructure, coordinate site logistics, establish and maintain necessary financial tracking processes, and coordinate communications between STPA(NS) representatives working on the file.

2. Maintenance

Until such time as a final recommendation is forthcoming on a clean-up technology for the Sydney Tar Ponds, SERL will maintain the co-generation complex at the north end of the steel plant site, in particular the twin fluidized-bed incinerators. The corporation will do so to ensure efficient recommissioning of the complex, if requested, at minimal cost, and to provide the required independent technical and scientific information to support use of the combustion technology in the safe and efficient destruction of waste coal tars at the Muggah Creek Watershed. In keeping with past practices, the corporation will maintain the complex on the basis of a carefully structured plan. Where necessary, expert inputs will be secured to ensure the highest standards in the maintenance effort.

3. Security

Within the framework of the Memorandum of Understanding between government partners and the Joint Action Group, SERL will deploy trained, experienced personnel to secure Nova Scotia's land holdings within the Muggah Creek Watershed, in particular the coke ovens site. SERL continues to undertake this work cognizant of the importance of protecting Nova Scotia's interests and minimizing provincial liability. By special arrangement with the agent for the Province of Nova Scotia on Sysco, SERL will ensure that the entire steel plant site is protected through the provision of quality, professional, expert security.

4. Decommission and Remediate Sysco Lands

By special arrangement with the agent for the Province of Nova Scotia on Sysco, SERL will decommission and remediate the former steel plant site in an economical and safe fashion, in compliance with Nova Scotia's objectives respecting the remediation of the site and in the interests of longer-term community/economic development in the Sydney area. The work will be undertaken strategically to reduce the financial obligations of the province, provide meaningful employment transfer skills to improve the employability of participants, address Nova Scotia's environmental obligations, strengthen relations with the local community, and engender new household income to the benefit of Cape Breton.

5. Mine Blast Furnace Slag

In support of the agent for the Province of Nova Scotia on Sysco, SERL will deploy and monitor personnel in mining blast furnace slag on the steel plant site for commercial and non-commercial applications.

Priorities for 2003–2004

SERL's priorities for each core business function in the fiscal year 2003–2004 are as follows:

1. Support Nova Scotia's involvement in the Muggah Creek Watershed Clean-up

- Complement and support the work of the Nova Scotia Department of Transportation and Public Works and STPA in the JAG process.
- Expedite and facilitate the discharge of Nova Scotia's responsibilities as lead agency in the implementation of the formal agreements.
- Optimize the impact of the corporation's versatility in Nova Scotia's efforts in the clean-up to minimize delays and limit cost overruns.

2. Maintain the co-generation complex

- Ensure that fundamental systems are in readiness for recommissioning if required.

3. Coke ovens and Steel Plant Site Security

- Restrict access to the site.
- Minimize risk to health and safety.
- Prevent loss of Nova Scotia property.

4. Decommission industrial structures at Sysco

- Engage and direct unionized labour at the request of Sysco.
- Execute all directives to the satisfaction of Sysco and its agents.

5. Mine Blast Furnace Slag

- Mobilize and deploy unionized labour in mining blast furnace slag for commercial and non-commercial applications both on and off the Sysco site.

Budget Context

Estimated Budget Expenditures by Core Business

Core Business	**2002–2003 Forecast ($ 000)**	**2003–2004 Budget ($ 000)**
Support Nova Scotia in clean-up of the Muggah Creek Watershed	269	446
Maintain co-generation complex	665	689
Security – Sysco and coke ovens	315	325
Provide labour for decommissioning and remediating steel plant	90	100
Mine blast furnace slag	5	5
Administration and support	156	135
Total – Gross Current	**1,500**	**1,700**
Total – Program Expenses net of Recoveries	**1,200**	**1,400**
Salaries and Benefits	**746**	**765**
Funded Staff (FTEs)	**22**	**22**

Outcomes and Performance Measures

Core Business Area 1 *Support Nova Scotia's involvement in the Muggah Creek Watershed clean-up*

Outcome	Measure	Base Year	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Provide administrative and contracting support in the successful implementation of projects, initiatives, and research/study activities as directed by the government partnership within the framework of formal agreements	Utilization by STPA (NS) and government partners in the Muggah Creek Watershed clean-up Responsiveness to requests for service	Development of environmental safety, stationary engineer, technical and analytical capabilities and 5 person-years of employment	Full deployment of resources and 10 person-years of employment and continued capabilities development	Full deployment of resources and 10 person-years of employment and continued capabilities development	• Provide NS with administrative, planning, and logistical support • Maintain harmonious relations with collective bargaining units to avoid work stoppage • Maintain a trained labour pool

Core Business Area 2 *Maintenance of Co-Generation Complex*

Outcome	Measure	Base Year	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Successful recommissioning of co-generation complex in the clean-up of the Muggah Creek Watershed	Thermal destruction short listed as potential clean up method	Thermal destruction is a viable option for the clean up	Thermal destruction recommended as the clean-up technology	Preparations under way to recommission, redeploy, or dismantle the co-generation complex	• Maintain equipment to a high level • Independent assessment of the condition and readiness of the technology • Maintain trained labour pool

Core Business Area 3 *Coke ovens and steel plant security*

Outcome	Measure	Base Year	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Secure sites - no unauthorized access, or loss of property or claims against the province	Incident reports, daily reports and procedural reviews	No incidents	No incidents	No incidents	• On-going training and staff skills enhancement • Continual enhancement of procedures • Comprehensive reporting systems

Core Business Area 4 *Decommission and remediate Sysco lands*

Outcome	Measure	Base Year	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Assist in the successful deconstruction of steel plant structures and remediation and restoration of the site	Progress reports by the agent for Nova Scotia at Sysco Outcome assessed against the objectives and goals of the Sysco decommissioning plant	25% complete decommissioning	100% complete decommissioning	Project completed as per the decommissioning plan and remediation work initiated	• Trained personnel • Progressive work plans • Systematic management of personnel • Frequent and regular communication among lead agencies

Core Business Area 5 *Blast furnace slag*

Outcome	Measure	Base Year	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Successful mining of blast furnace slag at SYSCO as per agreement with the agent for Nova Scotia on SYSCO	Internal reports and regulator comments and reports Outcome assessed against original work plans, production forecasts and internal documentation	Quantities required delivered on time, within budget and without interruption	Production targets realized within budget, on schedule and with the forecast person hours of employment	Production targets realized within budget, on schedule, and with the forecast person-hours of employment	• Trained personnel • Progressive work plans • Systematic management of personnel • Frequent and regular internal communication • Partnership with regulators

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Sydney Steel Corporation
Business Plan 2003–2004

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Mission

To clean up and redevelop the site as a productive, self-sufficient business property, providing opportunities for the future

Planning Context

Sysco was established in 1967 by an Act of the Legislature, with the short-term objective of continuing the operations "... for a sufficient time to assess the long-term future..." of the plant.

This move led to more than 30 years of government participation in the operation of Sydney Steel. The most recent of those years saw several attempts to sell the plant to the private sector. Ultimately changing technology and world market patterns brought an end to Sydney's steel industry. Despite best efforts, the last attempt to sell the plant concluded unsuccessfully in January 2001.

At this time, the province announced that it would move to liquidate the assets of the plant and embark on a plan for cleanup and redevelopment of the site. The province instructed receivers Ernst & Young to sell the corporation's assets.

The priority of that year centered around taking care of responsibilities to Sysco's workforce. Before the end of the year, all employees had received severance or retirement packages. During this same period, a demolition firm was hired to remove the majority of the buildings on the site. Environmental clean up was budgeted for and initial work began. And finally, a land use planning company was hired to develop a plan for future site uses and redevelopment.

Overall, Sysco's key activities now include demolition, sale of scrap steel, sale of slag, site clean up and redevelopment as an industrial park with appropriate green space. The year 2002 has seen a number of changes and initiatives aimed at building a new future for the site, and thus, the local economy.

Performance in 2002–2003

Demolition - To date, demolition is approximately 60 per cent complete - on time and on budget. Twenty-five buildings and structures have been removed, including the machine shop, calcite plant, and old roll shop. Other buildings will be maintained for use in the planned industrial park.

Considerable activity is taking place with former steelworkers employed on site, doing essential demolition activities and clean up. Throughout the summer of 2002, approximately 80 former steelworkers were employed on site.

Safety is Sysco's first priority on the demolition project - for workers and for the community. Overall, there is a commitment to meet or exceed all requirements of Nova Scotia's Occupational Health and Safety Act and Regulations. There is a detailed safety plan in place and a commitment to continuous improvement in policies and practices. In addition, Sysco has a full time safety officer as a watchdog for the entire project.

Remediation - Sysco is committed to cleaning up the former steel plant property, so the site can be put to good use in the future. Money has been budgeted and progress is taking place. Overall, Sysco is taking a phased approach to remediation, based on future uses for the site.

This past year, a key step in the remediation process was completed - a Phase I Environmental Site Assessment, outlining potential environmental issues. The assessment consists of three main activities: interviews with knowledgeable individuals, site reconnaissance, and a review of historical site information. The final report notes that the issues identified are typical of those associated with industrial demolition and redevelopment projects, and can be addressed using conventional site assessment, remediation, site management, waste management and demolition methods.

For the purposes of the environmental assessment, the property is divided into four zones based on historic land use and industrial activities. The four zones include the steel production area, the mills area, the production support area and the infilled lands. The study further subdivided the property into 36 Site Classification Units (SCUs) in order to facilitate the discussion of environmental issues and to assist with future land use planning.

The approach of identifying future use and tailoring the clean up to match that re-use strategy is a common characteristic of many successful clean up and re-use projects. The nature of future land uses will ultimately help define and shape the type of clean up required. For example, clean up requirements would be quite different for recreational green space than they would for industrial re-use. Overall, this linkage will provide focus and direction to the clean up efforts.

Currently, a project plan is being developed to address the 13 recommendations contained in the Phase I report. As well, a project manager for Phase II work was selected in the Fall of 2002 and work is now underway.

The Phase II Environmental Site Assessment is intended to further investigate specific issues. Several areas of the site have been identified as requiring this level of assessment. These include the former Sysco landfill (including the high dump), the area adjacent to Muggah Creek and the Tar Pond, and the Sysco sewers. Moving expeditiously towards a better understanding and characterization of these areas will help identify any additional issues with respect to the re-development of these properties.

Sale of Scrap Steel - Sysco has also had success with the sale of scrap steel. To date more than 100,00 tonnes have been sold.

Site Re-Development - During 2002 land use planners Environmental Design and Management Ltd (EDM) worked to develop a land use plan and redevelopment strategy for the Sysco site. As part of developing the plan, EDM engaged in public consultation in order to reflect the opportunities and concerns identified by local stakeholders and the community.

EDM's final land use plan and re-development strategy for the former Sysco Property proposes that the 445 acre site be redeveloped as a premier industrial park. It states that there is real potential for the site to attract new and different businesses to the area, businesses that might not otherwise think of locating here.

Sysco has accepted and begun implementing the final report of EDM, which was released at an open house on July 3, 2002.

Overall the vision is for the Sysco property to be a vibrant part of the Cape Breton Regional Municipality that contributes to economic re-development and long-term job creation. This vision sees the former Sysco site becoming:

- Vibrant with new industry and business providing long-term jobs
- A leader in meeting all environmental standards
- A promoter of CBRM in partnership with the ports and other land based industrial assets
- A key provider of cargos for a railway that is now secure
- A place with lots of green space, walking trails and bike paths
- Connected to the community by an improved road network, providing a better direct route to Highway 125 and a second access into Whitney Pier
- A good place to work
- A key factor in making CBRM a better place to set up business and raise a family.

Considerable progress is already being made on the redevelopment plan:

Recommendation 1 – Proceed with demolition, keeping in mind potential future uses	• Demolition is approximately 60 per cent complete—on time and on budget. Certain structures will be retained for industrial park use.
Recommendation 2 – Conduct a through market assessment targeting anchor tenants	• Sysco has partnered with ECBC and retained Deloitte & Touche Fantus a site locator for Fortune 500 companies. They will help market the site and the region to potential tenants.
Recommendation 3 – Ensure an overall property development plan looking at tenant mix, long-term management, master plans for sewer, power, water, etc.	• A property development plan is now under development
Recommendation 4 – Expedite street infrastructure improvement	• Construction is nearing completion on the Sydney Ports Access Road. The road opened to truck traffic in late 2002 and is expected to be fully open in the Spring of 2003. The road is being built in partnership with the private sector.
Recommendation 5 – Move forward with phase two environmental site assessments	• The Phase I site assessment has been completed, and a project plan is being developed to address its recommendations. • A project manager for Phase II work was selected in the Fall of 2002.
Recommendation 6 – Ensure careful phasing	• An aggressive business establishment schedule is being pursued. This will allow Sysco to capitalize on business opportunities as they arise for the benefit of all concerned.
Recommendation 7 – Make short-term investment to 'shore up' certain site infrastructure	• As the third phase of their work, EDM has been retained to provide assessment and planning on this and related issues.
Recommendation 8 – Continue consultation with the community	• A local individual has been retained to provide community relations and point of contact with the local community.

Key Tenants - In December 2001 the corporation signed a lease with Provincial Energy Ventures for the wharf and back-up lands. This portion of the Sysco site will principally be used to blend and transport coal. Provincial Energy Ventures has pledged to spend over $10 million in upgrading this facility over the next 10 years. The terms of the lease require Provincial Energy Ventures to make the wharf and associated services available at market rates.

Although the Sysco property is not being marketed as of yet in any formal way, other companies have also expressed interest in locating on site. These include local environmental businesses and water treatment operation.

Sydney Ports Access Road - Construction is nearing completion on the Sydney Ports Access Road, connecting Highway 125 to the Sysco and Nova Scotia Power piers. The road opened to truck traffic in late 2002 and is expected to be fully open in the Spring of 2003. Sysco is working with partners like Nova Scotia Power and the municipality to build the road quickly, safely and efficiently - in a way that works for local businesses, residents and taxpayers.

Sale of Assets - In June 2001, Sysco hired a consortium of companies to sell off the assets of Sydney Steel Corporation. The consortium included Henry Butcher International, Michael Fox International and Trans-Canada Liquidations. In August 2001, a two-day auction was held where many of the assets of the plant were sold - surpassing expectations by raising just over $1 million. The larger steel-making assets of the plant were marketed separately and directly to potential buyers around the world through a private treaty sale.

Sysco has reached an agreement with Maxsteel Ltd. of the UK for the purchase and removal of the plant's larger steelmaking assets. Maxsteel is offering $4.56 million Cdn for the purchase of the assets. At this point, Maxsteel has not decided on the location for the assets, but they will be exported out of North America. Selling the assets now will save approximately $1 million in incremental demolition costs. The Maxsteel offer was brought forward to Sysco by Henry Butcher International, the company hired to market and sell the larger assets of the plant.

Strategic Goals

- Fulfill all responsibilities stated for the wind-up of the Sysco - treat workers fairly, seek the best return on the assets, pursue clean up and chart a new plan for the future of the site.
- Remediate the site for future uses.
- Redevelop the Sysco site into a premier industrial park, providing business, recreation and other opportunities to the communities of the Cape Breton Regional Municipality.

- Work with the community as partners on future directions and opportunities.
- Attempt to maximize financial returns to the shareholder from the sale of scrap steel, the sale of slag, leasing of property and overall good financial management.
- Promote sound occupational health and safety policies and practices.

Core Business Areas

1. Demolition
2. Development strategy and physical master plan for the site
3. Liquidation and sale of major equipment and scrap
4. Redevelopment of the site
5. Environmental remediation - Phase II assessments of priority areas
6. Efforts to attract new business opportunities to the site

Budget Context

The Province of Nova Scotia has accounted for the anticipated costs of decommissioning the site and addressing the environmental remediation issues. This year, Sysco's budget year, which runs as a calendar year, will be brought in line with the provincial year ending March 31.

	Forecast 2002–2003 ($)	**Budget 2003–2004 ($)**
Revenue	38,076,000	31,711,000
Expenses:		
Payroll	1,255,000	1,060,000
Consulting	2,540,000	2,250,000
General and Administrative	9,659,000	3,793,000
Security	919,000	840,000
Demolition and Environmental Remediation	9,836,000	18,961,000
	24,209,000	26,904,000
Surplus	13,867,000	4,807,000

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Trade Centre Limited
Business Plan 2003–2004

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Mission

To create economic, social, and cultural benefits for all Nova Scotians by delivering the best in business, hospitality, and entertainment products and services as the leading Nova Scotia centre of community activity.

Introduction

Trade Centre Limited (TCL) was created in November of 1981 by Order in Council as a Crown corporation and was also incorporated under the Nova Scotia Companies Act. The Province of Nova Scotia is the beneficial owner of all shares of the company. The company reports to government through the Minister of the Office of Economic Development. The original mandate defined the primary purpose of the company as to oversee and administer the activities related to the Trade Centre complex. A secondary purpose is to actively promote the facility, Halifax, and Nova Scotia. In 1982, an agreement was signed between the City of Halifax and the Province of Nova Scotia that gave management of the Halifax Metro Centre to TCL, although the city was to continue to accept financial responsibility for any and all costs of operation in excess of revenues. The two facilities/properties are indivisibly linked in all aspects of physical plant and interdependent in all operations, which is necessary to achieve maximum efficiencies.

In the fall of 1994, Trade Centre Limited adopted a comprehensive strategic plan to chart a course and guide the direction of TCL for the next five years. A process for annual review is in place to ensure that the strategic plan remains vibrant and relevant in the extremely competitive business environments in which it operates and at the same time continues to act as an economic generator for the Province of Nova Scotia.

As a result of the strategic direction established, it was recognized that maximum productivity and efficiency are achieved through interdependence and communication.

Events Halifax was added as a business unit in 1999-2000. Its mandate is to actively seek large sporting and cultural events for Halifax. This unit provided support services in preparation of the successful bid to hold the 2003 World Junior Hockey Championships in Halifax.

In November 1999, Trade Centre Limited was directed by the Government of Nova Scotia to take over and manage the facilities at Exhibition Park. This transfer of management capitalizes on TCL's expertise in sales and events management in both the meetings and conventions industry and the entertainment industry. As part of this initiative, TCL was asked to support the formation of a new fall fair and to assist in making it the pre-eminent agricultural fall fair in the Maritimes. The Maritime Fall Fair Association (MFFA) was created as a not-for-profit society in December 1999. TCL has assumed responsibility for the MFFA as of April 1, 2001.

Trade Centre Limited has embarked on a second five-year plan, which incorporates these two new entities as an integral part of our operations for successful future growth. As a result of this new strategic direction a new mission statement was defined that integrates the strengths of all TCL's business units, positioning TCL to move forward by working together.

Planning Context

Trade Centre Limited business is significantly affected by the state of the economy, as the majority of our business depends upon a successful and thriving economy. Conventions and trade shows are active during prosperous business times; entertainment events are more attractive to people enjoying full employment with a disposable income available for leisure activities. Our planning this year will focus on containing our controllable costs while continuing to move forward in attracting more future bookings. We have made significant capital investments in the last two years, most notably at Exhibition Park and a major renovation to our Port Royal Level at the WTCC. We feel we are now poised to grow our business. Our customers are anticipating and looking for more value-added services that we can provide. Some of those services are driven by advances in technology with which we need to keep pace while being mindful that increased customer service should not diminish our expected financial returns on such investments.

The competition in our markets is increasing exponentially as more municipalities across North America realize that convention facilities are tremendous economic generators; the economic return to the community far exceeds the initial capital investment and ongoing operating costs. With this in mind, we need to move forward while being cautiously optimistic operationally in the short term. Strategically, within the next five years, we must have in place our plans for major capital investments for expansion of the Convention Centre and modernization and expansion of the Halifax Metro Centre if we are to remain competitive in the marketplace and be the convention/entertainment capital for Atlantic Canada.

Strategic Goals

Trade Centre Limited (TCL) was created to manage the combined complex, and the convention facility was constructed to complement, operate and integrate with the existing Halifax Metro Centre (HMC). The combined complex was visualized as an economic generator and benefactor for both the City of Halifax and the Province of Nova Scotia in the convention, trade show, sports, and entertainment industries. The facility was financed by all three levels of government—federal, provincial, and municipal—with an ongoing commitment by the latter two to fund operating deficits and capital improvements. However, with today's continued pressure on governments to achieve fiscal responsibility, TCL has adopted a mandate through strategic planning to eliminate its need for operating fund subsidies and also to reduce or eliminate, if possible, the need for the more extensive and continued capital improvements funding that is necessary and required to maintain and preserve its world-class status as a facility and destination.

Trade Centre Limited has achieved levels of financial operating income before depreciation in the last seven fiscal years. This trend can continue if TCL remains an independent business entity.

Trade Centre Limited is a unique Crown corporation comprising seven business units. Of those, TCL operates two properties in a symbiotic relationship and a third separate property. Five of the units consist of a convention facility, office tower with five floors of leased space, a World Trade Centre, a multi-purpose sports/entertainment/trade show complex, and a multi-purpose agricultural complex. The sixth unit, Events Halifax, is dedicated to selling Halifax as a venue for major sports and cultural events. The seventh is the not-for-profit Maritime Fall Fair Association, which operates the largest annual agricultural exhibition in the Maritimes at Exhibition Park

Trade Centre Limited sees tremendous opportunities in all its business units through consistent team effort, co-operation, and communication. By providing an exemplary level of innovative service it will continue to be a vibrant community centre.

TCL operates in highly competitive markets for conventions, conferences, meetings, and entertainment. These industries are seeing a major increase in the number of convention, entertainment facilities in all parts of the world and the complete remodelling of older existing facilities to increased capacities.

TCL is unique as a Crown corporation in that it pays municipal property taxes—commercial and occupancy—and is subject to other applicable local, provincial, and federal taxes.

It is also unique in that to achieve financial independence from government, yet still act as an economic generator/benefactor, its original mandate for construction, it must also compete in the industry markets that its construction was designed to benefit.

As a result of the new strategic initiatives, the following strategies are guiding the business plan for TCL.

- Enhance TCL's performance in the business, hospitality, and entertainment sectors through facility, product, and service development.
- Establish strategic partnerships to position Halifax and Nova Scotia as attractive alternatives for business, hospitality, and entertainment opportunities.
- Increase TCL's overall computer literacy and technological capability to maximize effectiveness.
- Deliver a consistent level of distinguished customer service that supports TCL's leadership position in product and service delivery.
- Build a flexible, highly skilled, and adaptable workforce and environment, representative of the community, with the capability to adapt easily to change.
- Communicate to Nova Scotians the economic, social, and cultural benefits derived from participation in the business, hospitality, and entertainment industries.

Core Business Areas

1. To act as an economic generator and catalyst by the provision of facilities and services in the industry markets for conferences, conventions, consumer shows, trade shows, international trade, entertainment, sports, agricultural fairs, and cultural activities for the benefit of Nova Scotians.
2. As interdependent business units, to provide opportunities to achieve operational efficiencies and financial savings while offering "one-stop shopping" for activity planners and event promoters, enhancing revenue opportunities.
3. To contribute to the growth of tourism and business development by attracting visitors and delegates to Halifax as the "Destination."
4. To reflect the positive aspects of a partnership between provincial and Municipal governments to create economic activity that is mutually beneficial.

The following seven business units provide and support our core business.

The World Trade and Convention Centre

The World Trade and Convention Centre provides the necessary facilities and services to attract meetings, conventions, and tradeshows that will have a major impact on the economy of the province.

The World Trade Office Tower

The World Trade Office Tower provides Class A commercial office space to the government and private business sector that have a significant interest in and relationship to the type of business activity that is generated by the facilities.

The Atlantic Canada World Trade Centre

As a franchise member of the World Trade Centers Association, an organization of 310 worldwide trade centres, the Atlantic Canada World Trade Cenre provides trade-related services to Atlantic Canadian companies seeking to expand their operations in the global marketplace.

The Halifax Metro Centre

Recognized as the premier sports/ entertainment and trade show complex in Atlantic Canada, the Halifax Metro Centre provides a venue that complements and enhances the Trade Centre's capability to handle convention and trade show activities. It is the largest sports/ entertainment complex in Atlantic Canada, acting as a main catalyst to draw national and international sports and entertainment activities to the Atlantic region.

Events Halifax

Events Halifax's mission is to position and sell Halifax as a national and international preferred city to host major sporting and cultural events.

Exhibition Park

Exhibition Park is run as an integrated business unit of Trade Centre Limited, identified by its unique location and market audience. It is the home of the annual Maritime Fall Fair and offers an opportunity to showcase the Nova Scotia agriculture industry and provide needed trade/consumer show space.

Maritime Fall Fair Association

Trade Centre Limited has assumed operational and financial responsibility of the Maritime Fall Fair Association as of April 1, 2001. It was established as a not-for-profit association to operate an annual agricultural fair at Exhibition Park.

Trade Centre Limited has been successful in creating and maintaining this effective economic partnership between the province and municipality to their mutual benefit.

Priorities for 2003–2004

As Trade Centre Limited concludes one of its busiest years to date, having hosted major international events at the World Trade and Convention Centre, Atlantic Canada World Trade Centre, and Halifax Metro Centre, we are now embarking on a new set of priorities for 2003–2004 that will not only build on the previous year's success but will allow us to continue to provide improved performance and production for Nova Scotia.

Priorities for 2003–2004 include the following:

- TCL will continue to develop Halifax and Nova Scotia as prime destinations for major national and international business hospitality, sports, and entertainment events. In 2002–2003, TCL was successful in positioning Halifax as one of Canada's most successful event cities while staging the World Junior Hockey Championship. We will continue to build on this awareness throughout 2003–2004. To facilitate this, we will continue to improve our current facilities, while planning a major infrastructure refit for Halifax in the area of meetings, conventions, sports, and entertainment.
- TCL will continue to improve operational efficiency by leveraging our internal capabilities across each of our business units to ensure high levels of productivity and responsible expense management. This will include utilizing the physical facilities and supporting events hosted at other business units, as well as carrying out a complete review of processes and practices that allows us to better analyse our business and target resources appropriately.
- TCL has been an industry leader in the development of economic impact information as it relates to meetings, conventions, sports, and entertainment activities. In order to grow our business, as well as improve our service delivery for all of our customers, during 2003–2004 TCL will focus on clear research objectives to better understand our customers' needs, enabling us to serve them in a more efficient and productive manner. This will involve an integrated program of research throughout our local regional and national markets.

Performance in 2002–2003

Atlantic Canada World Trade Centre

The highlight of a busy year at the Atlantic Canada World Trade Centre (ACWTC) was hosting the 2002 World Trade Centre's Association's General Assembly (September 29–October 2, 2002). This international conference brought together over 400 businesses interested in trade and investment opportunities with Nova Scotia. One hundred and twenty-seven local organizations participated in 270 meetings with international companies.

Along with the General Assembly, the ACWTC continued its mission of increasing Nova Scotia's exports through trade education courses and trade services. Fifty companies attended FITTskills International Trade Training Courses, and membership continues to grow.

Events Halifax

Events Halifax (EH) has just completed its most successful year to date having secured a number of very significant major national and international events, including the World Theatre Congress, the Nokia Brier Curling Championships, the East Coast Music Awards, the 2003 World Junior Hockey Championship, and the 2004 Women's World Hockey Championship.

Events Halifax also played the lead role in our bid to secure the 2010 Commonwealth Games for Halifax. While we were unsuccessful in our bid, we take great pride in our effort over the past two years.

Exhibition Park

We continue to develop business opportunities at Exhibition Park, primarily in the public and trade show sector. The facility is very versatile in its ability to host small weddings/dinners, as well as major shows utilizing over 18 580 m^2 (200,000 sq ft). Some of our successful shows this year included the Halifax RV Show, Halifax International Boat Show, Atlantic Outdoor Sports and RV Show, APEX Show, Kermesse, 50 Plus Expo, Sport Nova Scotia Public Show, Atlantic Industrial Exhibition, Allied Beauty, Atlantic Wood Show, Atlantic Christmas Craft Fair, and our annual Spring and Fall Home Shows. Our prime tenant, the Maritime Fall Fair, achieved record attendance levels for the new improved show.

Halifax Metro Centre

Halifax Metro Centre (HMC) is entertaining one of its busiest years in recent history. Attendance was strong for many HMC events for our prime tenants and the year was highlighted by the hosting of the most successful event, the International Ice Hockey Federation World Junior Hockey Championship (IIHF 2003), with over

242,000 patrons in attendance—a new world record. Halifax Metro Centre also hosted the East Coast Music Awards, as well as the Nokia Brier Curling Championship. Our largest tenant, the Halifax Mooseheads Hockey Club, continues to attract record crowds and lead the Quebec Major Junior League in attendance.

During the year, Halifax Metro Centre also acquired a new score clock and production studio. This $2-million acquisition has been targeted for a 10-year payback and has significantly improved the entertainment experience for all of our patrons, as well as increasing the return to our corporate sponsors.

World Trade and Convention Centre

The year 2002 was busy and eventful. There are many highlight events from each of the key customer segments: Canadian associations, Canadian Corporate, government, international meetings, trade shows and exhibitions, local meetings, and dinners and special events.

Major Canadian conferences such as Rendez-Vous Canada, the National Healthcare Leadership Conference, put Nova Scotia in the spotlight with thousands of participants in tourism and health care.

Other large Canadian associations such as the library association, the physiotherapy association, the actuaries, the veterinarians, and the Treasury Management Association all held successful large national conferences. The G7 finance ministers conference and the WTC General Assembly again demonstrated our ability to host major international events. In the US association market, the International Foundation of Employee Benefit Plans hosted a huge meeting in Halifax, which demonstrated the draw of Nova Scotia with record attendance for their August meetings. Within the corporate market, Trade Centre made a significant breakthrough hosting annual general meetings for several large corporations, including Nortel, CN, Shopper's Drug Mart, Bank of Nova Scotia, and Great West Life Assurance. As well, media giant Rogers Communications returned with a large financial conference in December.

World Trade Centre Office Tower

The World Trade Centre Office Tower continues to maintain occupancy levels in excess of 99 per cent and continues to be a prime office location in downtown Halifax.

Our staff worked hand in hand with our prime tenants to ensure that individual needs were met in a timely and efficient manner.

Budget Context

For the years ended March 31

		Forecast 2002–2003 ($)	Budget 2003–2004 ($)
Revenues		10,420,853	11,125,503
Expenses			
	Event operations	4,343,398	4,448,061
	Salaries and benefits	2,263,163	2,569,585
	General operations	2,718,310	2,960,323
	Taxes and insurance	1,056,450	1,080,000
		10,381,221	11,057,968
Income before other items		39,632	67,535
Other income		60,000	60,000
Income before depreciation		99,632	127,535
Depreciation		1,650,000	1,650,000
Income (loss) for the year		**(1,550,368)**	**(1,522,465)**

Note: Revenues and expenditures for the Halifax Metro Centre are not reflected in this budget. The Halifax Metro Centre is owned by the Halifax Regional Municipality and operated by Trade Centre Limited under a management agreement. All operating deficits or surpluses accrue to the municipality, and all capital improvements are funded by the municipality.

Outcomes and Performance Measures

Goal 1 *To make TCL the preferred destination for business, hospitality, and entertainment products and services in Canada*

Outcome	Indicator	Measure	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Generate more economic, social, and cultural opportunities for the HRM and Nova Scotia	• Levels of attendance, event activity bookings, and meals served • Annual Economic Impact Report	Number of events per year, number of customers, and days facilities are used.	• Increase number of event bookings by 4% • Increase number of customers by 4% • Increase number of event days by 4%	To achieve maximum facilities capacity	• Increase use of technology and employee training • Provide a consistent level of distinguished customer service • Increase efforts in marketing

Goal 2 *To operate TCL successfully, financially, independent of requests for operating funds*

Outcome	Indicator	Measure	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Maintain a level of profitability to ensure that the operating needs of TCL can be met independently of a need to request operating funds from the province	Annual audited financial statements	Income before depreciation	$127,535	$175,000	• Increase in revenue growth by minimum of 2% each year • Increase number and effectiveness of strategic partnerships • Increase use of technology and staff training levels

Goal 3 *To strengthen TCL's position as the preeminent business hospitality, sports, and entertainment centre for Atlantic Canada*

Outcome	Indicator	Measure	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Improve business practices and profitability through customer research.	Return on programs, increased event activity, and sponsor support.	Number of attendees, corporate sponsorships, and participants	Complete Phase 1 of the research program	Complete the research program	• Increase number of event bookings by 4% • Increase number of customers by 4% • Increase number of event days by 4%

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2003–2004

Waterfront Development Corporation Limited
Business Plan 2003–2004

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Mission

To serve as Champion of a dynamic vision and to plan, coordinate, promote and develop properties, events and activities on designated waterfronts within Halifax Harbour.

Planning Context

Waterfront Development Corporation Limited is a Crown Corporation established in 1976 to revitalize the waterfronts of Bedford, Dartmouth, and Halifax Its current mandate includes:

- Property acquisition, management and development within designated areas in Bedford, Dartmouth and Halifax.
- Marketing and promotion designed to attract public use of the waterfronts.
- Coordination and planning of the waterfronts of Bedford, Dartmouth, and Halifax including championing assets owned by the province throughout the entire harbour.

As a result of the expanded mandate of WDCL in Dartmouth and Bedford there has been an increase in staff complement. The mandate is also being expanded to have the Corporation become more active in waterfront issues around the entire Harbour. This new mandate will require changes in operational budget and additional resources may be required as WDCL undertakes new activities.

Organizational Structure and Financial

The Corporation has a staff of fifteen, seven involved in planning, development, and administration, and eight in maintenance and parking operations.

The Corporation's ordinary revenues ($3.0 million in year ended March, 2002 are derived primarily from building and ground leases (34%) and parking lot operations (63%). In the year past, ordinary expenses were approximately $2.0 million and are made up of property expenses (maintenance and repair, taxes, depreciation, 43%), corporate overhead, including planning (30%), interest expense (21%), and contribution to public facilities, both owned and non-owned (6%).

The financial health of the Corporation is largely dependent on revenue sources from parking fees and tenant rents. Rents from tenants are subject to economic and market conditions. For example, revenue from BioScience Enterprises and Nova Scotian Crystal are projected to increase as a result of renegotiated leases or expanded development. Loans of the Corporation are guaranteed by the Provincial government allowing an interest rate 1% below prime. Increased revenues have positively contributed to our financial health and the ability to carry out capital projects and partner with others. A combination of these increased revenues allowing the Corporation to pay down the principle on its loan and decreased interest rates have benefited the overall financial status. Should there be a regional economic downturn revenue sources and the funds from private sector partnerships could be reduced.

Halifax - The lion's share of the Corporation's property assets is on the Halifax Waterfront. The Corporation has been working jointly with HRM to achieve a financially viable plan. This Halifax Waterfront Openspace and Development Plan is awaiting approval by HRM. Full implementation of the plan with its significant open space and reduced development intensity is dependent on achieving a financial partnership agreement with Halifax Regional Municipality. HRM believes that provincial financial contribution to the plan is necessary.

Dartmouth - The Dartmouth Waterfront Greenway Multipurpose Trail and Harbourwalk concept plan was developed with HRM. Construction is underway on a 1.2 km portion and detailed design is being completed on another portion. The achievement of a Waterfront Trail and Greenway is dependent on municipal contributions and private sponsorship, which will have to be negotiated.

A purchase and sale agreement for land of the Corporation in downtown Dartmouth was signed and subject to municipal approval and financing this development, a $25 million condominium, will take place in 2003. Also in Dartmouth, the Corporation is in discussions and planning stages with the Nova Scotia College of Art and Design for the location of their second campus. At a value of $10 million this initiative will require financial support from the province and possibly special incentives by the Corporation.

Bedford - The fill project and creation of additional land for public use and development continues. This fill site has also provided a much needed ocean dumping area for pyritic slate. An agreement with an adjacent land owner has enabled the operation to proceed after a one year hiatus. For the long-term, development of the land in a more formal partnership with this same owner is being explored. There also continues to be an outstanding legal issue with this same private landowner left over from Phase I development and inherited when the Bedford Waterfront Development Corporation and WDCL were amalgamated. A public consultation and planning process will be undertaken. There is an opportunity to fulfill needs of the community in terms of public space and facilities, a public boat launch, as well as new private development for residential, commercial and marine use, including a marina.

Strategic Goals

The Corporation's strategic goals are to provide infrastructure, opportunity and support for further public and private investment that will enhance the capital region as a place to live, do business, invest and visit. By enhancing the quality of the waterfronts for residents and visitors, the Corporation creates the opportunity for continuing economic growth by creating increased leisure traffic, meeting and convention activity, and additional residential, institutional and commercial development. An emphasis is placed on quality development and programs that will make all Nova Scotians proud of their capital region and province and encourage people to visit Nova Scotia.

Core Business Areas

1. Acquisition (a), management (b), and development (c) of waterfront property in Bedford, Dartmouth, and Halifax.
2. Marketing and promotion (public relations) of the waterfronts as centres of year-round activity and interest for residents and visitors.
3. Coordination and planning of waterfront activities and development.

Priorities for 2003–2004

Acquisition (a), management (b), and development (c) of waterfront property in Bedford, Dartmouth, and Halifax.

1 (a) Acquisition

- Acquisition/disposition of assets essential for realization of waterfront plans.
- Creation of new land for public space and development through infilling of waterlots

(b) Management

- Property leasing and parking operations to provide funds for investment in further development.
- Promote/advertise berthing for visiting vessels in Bedford, Dartmouth, and Halifax.
- Maintain properties and public spaces (including limited winter maintenance) to a high standard and use best practices, in coordination with other stakeholders e.g. HRM
- Undertake repairs to existing deteriorating infrastructure along the Halifax Harbourwalk.

(c) Development

- Call for proposals for private development on land at the foot of and to the south of Salter Street in Halifax to achieve additional public space and private sector development opportunities
- Negotiation of a partnership with the Nova Scotia College of Art and Design for the location of a second college campus in Dartmouth Cove.
- Negotiate a partnership with a private sector land and water lot owner adjacent to Phase II in Bedford to achieve access and a joint development opportunity.
- Resolve legal actions related to Phase I Bedford.
- Improvement of public facilities in all waterfront areas, in particular washrooms and public spaces.
- Successful development of property (WDC-1) in downtown Dartmouth for residential development.
- Completion of Phase I of the Dartmouth Waterfront Greenway–Multipurpose Trail and Harbourwalk between Woodside and Old Ferry Lane.
- Determine timing of expansion of the NovaScotian Crystal Building.

2. Marketing and promotion of the waterfronts as centres of year-round activity and interest for residents and visitors.

- A communications plan to expand public relations coverage with media interviews, paid advertising, direct mailings and participating in business networking sessions and events.
- Installation of Interpretation Panels for the Halifax Waterfront to improve overall visitor experience.
- Cooperate with Downtown Development Commissions in promoting business development.
- Source and encourage new events and festivals to use the waterfront(s) as event sites. Specifically examine the feasibility of a new major festival.
- Provide leadership, in cooperation with the Maritime Museum of the Atlantic, in advancing a Visiting Ships program, to include periodic Tall Ships visits and a potential biannual tall ship race from Boston to Halifax.
- In partnership with the Nova Scotia Gaming Corporation undertake an intercept survey and pedestrian count on the Halifax Waterfront.
- Examination of the need for additional staff resources to implement this program.

3. Coordination and planning of waterfront activities and development.

- Champion and coordinate with HRM, on waterfront park and trail development along the Dartmouth waterfront, and seek public and private sector funding support.
- Continue to establish Partnership/ Policy agreements with Halifax Regional Municipality in areas of planning and maintenance.
- Partner in the planning and development of the Nova Scotia Hospital lands in Dartmouth.
- Resolve title issues associated with certain water lots claimed by the Halifax Port Authority.
- Provide a leadership role in initiating a Harbour Visioning Process.
- In partnership with others, e.g. Nova Scotia Department of Tourism and Culture and the Canadian Naval Heritage Foundation, examine feasibility of expansion of Nova Scotia Maritime Museum of the Atlantic.
- Provide support to annual waterfront festivals and events such as: International Buskers Festival, Halifax Natal Day Celebrations, Atlantic Film Festival, Halifax Winterfest, Bedford Days Festival.
- Provide a leadership role in coordinating provincial interest in lands on Halifax Harbour.
- In cooperation and partnership with HRM and provincial agencies and the private sector, develop a plan for a trail from the MacDonald Bridge to Woodside Ferry Terminal.
- Assess alternatives and develop a plan for Bedford Phase II, including meeting a commitment for a public boat launch.
- Review policy and guidelines for signage and vending structures on the Halifax Waterfront.

Budget Context

	01/02 Actual	02/03 Forecast	02/03 Budget	03/04 Budget	04/05 Budget	05/06 Budget
REVENUE						
Rent	1,118,238	1,107,625	1,169,884	1,162,798	1,239,470	1,395,121
Parking	1,887,063	1,862,566	1,998,599	1,910,765	1,966,288	1,681,197
Recoveries	87,056	8,940	2,000	9,200	9,430	9,666
Interest Revenue	84,261	5,300	6,000	4,500	3,500	2,500
Other	112,860	1,700	25,000	2,000	2,000	2,000
	3,289,478	2,986,131	3,201,483	3,089,263	3,220,688	3,090,484
PROPERTY EXPENSES						
Operating	549,757	559,317	577,771	600,000	615,000	650,375
Taxes	21,193	12,120	21,000	32,750	13,400	13,735
Amort. & Deprec.	369,877	371,424	326,000	371,000	371,000	371,000
Non-owned infrastructure	47,588	2,770				
	988,415	945,631	924,771	1,003,750	999,400	1,035,110
INCOME BEFORE OTHER ITEMS	2,301,063	2,040,500	2,276,712	2,085,513	2,221,288	2,055,374
CORPORATE EXPENSES						
Directors	30,517	32,000	32,000	32,000	35,000	35,000
Office Op.	55,753	50,617	65,000	65,000	66,625	68,291
Audit	15,574	15,000	14,000	14,000	14,350	14,709
Legal	[illegible]	35,000	20,000	20,000	20,500	21,013
Public Rel.	22,147	4,784	6,000	6,000	6,150	6,304
Salaries & Ben.	380,223	399,400	357,600	426,500	453,600	476,800
Staff Expenses	22,061	23,200	69,000	34,000	34,900	35,800
NS Gov't. Recoveries	[illegible]		[illegible]			
Unusual item (legal settlement)	240,000					
	642,233	560,001	508,400	597,500	631,125	657,916
PROGRAM EXPENSES						
Consulting	83,203	130,000	190,000	375,000	145,000	120,000
Festivals & Promotions	5,687	40,665	60,000	60,000	60,000	60,000
Tall Ships		30,000		69,000		
	88,890	200,665	250,000	504,000	205,000	180,000
Loan Interest	421,646	272,000	388,000	310,500	265,000	345,000
NET EARNINGS	1,148,294	1,007,834	1,130,312	673,513	1,120,163	872,458
plus: amort. & deprec.	369,877	371,424	326,000	371,000	371,000	371,000
less: infrastructure fund contrib.	400,000	400,000	400,000	400,000	400,000	400,000
Funds available for development	1,118,171	979,258	1,056,312	644,513	1,091,163	843,458
DEVELOPMENT PROJECT EXP.	191,907	774,168	583,000	1,169,500	3,607,500	4,585,500
Borrowing for Dev't. Projects		[illegible]	[illegible]	524,987	2,516,337	3,742,042
Other funds						
Sale of Assets	8,900		1,100,000	1,350,000	0	0
Grants & Recoveries	0	25,000	187,500	105,000	175,000	500,000
NS Gov't. Contribution	0	112,400	112,400	112,400	112,400	112,400
Bedford fill - net	0	1,425,000		613,350	613,350	189,600
Total other funds	8,900	1,562,400	1,399,900	2,180,750	900,750	802,000
Ending cash	[illegible]	[illegible]	[illegible]	46,198	30,611	[illegible]
Increase (decrease) in debt	[illegible]	[illegible]	[illegible]	[illegible]	1,600,000	2,900,000
Loan Balance, end of year	10,971,780	9,920,437	9,014,000	8,795,365	10,902,365	14,334,715
Prime rate		4.50%	5.00%	5.50%	6.00%	6.00%

Outcomes and Performance Measures

Outcome	Indicator	Measure	Base Year Measure	Target 2003-04	Target 2004-05	Strategies to Achieve Target
1(a)(i) Sale of WDC-1 Dartmouth	Sale of Property	Percent sold	1.3 acres	100 percent	NA	• Implement signed P&S Agreement
1(a)(ii) New land for public use/development in Bedford Phase II	Acres of Land	Acres Created	5	10	15	• Selling of dumping space for slate
1(b)(i) Continued [1]growth rates in revenue	Gross revenue	% increase	$1,480,000	3 percent	6 percent	• Increase efficiency and control expenses, increase occupancy
1(b)(ii) Increased usage of berthing facilities	Revenue	% Increase	$27,000	3 percent	6 percent	• Advertising, improvement to facilities
1(b)(iii) High quality visitor experience	Visitor Satisfaction	Increase in visitation	1,011,000 (2001)	3 percent increase	6 percent increase	• Best practice and coordination with HRM
1(b)(iv) Maintain value of assets	Annual maintenance cost	Change in maintenance cost				• Capital Investment in Infrastructure
1(c)(i)Public/private development on Salter Street Block	Leasing of land/or purchase and sale agreement	Percent of land leased	3 acres	0 percent	100 percent	• Release of Expressions of Interest

[1] While revenue projections are proposed to increase because approximately 63 percent of revenue comes from temporary parking lots there will be flucuations in revenue as sites are developed and revenue is transformed from parking to more permanent uses.

Outcome	Indicator	Measure	Base Year Measure	Target 2003–04	Target 2004–05	Strategies to Achieve Target
1(c)(ii) Development of land in Dartmouth Cove	Agreement with NSCAD	Acres of land under agreement	Letter of intent	50 percent of agreement	100 percent of agreement	• Seek partnership with NSCAD including $
1(c)(iii) Joint development agreement	Successful negotiation of agreement	Legal Agreement	Agreement to fill land of private owner	100 percent of agreement	NA	• Seek partnership with Private owner
1(c)(iv) Resolve legal actions in Phase I Bedford	Effect on budget	Cost of Settlement	NA	NA	NA	• Negotiation and arbitration
1(c)(v) Improvement to public facilities	Visitor Satisfaction	Increase in visitation	1,011,000 (2001)	3 percent increase	6 percent increase	• Invest in new public infrastructure
1(c)(vi) Public access to waterfront in Dartmouth	Visitor Satisfaction	Lineal Kms of trail	1km	2 km	4 kms	• Completion of trail on NSHL and partnership with HRM
1(c)(vii) Addition to Nova Scotian Crystal	Increase in leaseable space/revenue	Percent increase in leaseable space	4500 sq. ft.	4500 sq. ft.	21,000 sq. ft.	• Feasibility of Expansion
2(i) Profile of Corporation	Public awareness of Corporation	Percent Increase in awareness				• Communications plan and survey
2(ii) Improve visitor experience	Visitor satisfaction	Increase in visitation	1,011,000 (2001)[1]	3 percent increase	6 percent increase	• Seek partners and sponsors for displays
2(iii) Business growth	Tenant revenue	Percent increase in revenue				• Partnering with Business Commissions

[1] This number is derived from the median of two recent studies, WDCL Economic Impact Assessment prepared by CanMac Economics, 2002 Limited and the Strategic Plan for the Canadian Naval Heritage Foundation by Economic Planning Group, 2002.

Outcome	Indicator	Measure	Base Year Measure	Target 2003–04	Target 2004–05	Strategies to Achieve Target
2(iv) New Events	Visitor satisfaction	Percent increase in visitors	1,011,000 (2001)	3 percent increase	6 percent increase	• Sponsor and partner in events, Tall Ships 2004, new Maritime Festival
2(v) Visiting ships	Number of ships	Number of ships	5 ships	Increase by 3	45 (tall ships event)	• Partner and improve facilities
2(vi) Use of Georges and MacNab's Islands	Visitation	Percent increase	1,011,000 (2001)	3 percent increase	6 percent increase	• Partner in and support access to islands
2(vii) Improve visitor experience	Visitor Satisfaction	Percent increase	1,011,000 (2001)	3 percent increase	6 percent increase	• Visitor intercept survey
3(i) Public and private sector support for trail in Dartmouth	Sponsorship/ Partnership funds	Contributions	$75,000	$150,000	$200,000	• Solicitation of private sector and partner with HRM
3(ii) Partnering with HRM	Formal agreements	Approved cooperative agreements	n/a	n/a		• Meetings at executive level
3(iii) Coordination of Provincial interest	A plan for the NSH Lands	Adoption of policy	n/a	n/a		• Deputy Ministers Committee and staff working group
3(iv) Clear title on certain waterlots	Clear title	Six waterlots	3 waterlots	6 waterlots		• Negotiate with HPA
3(v) Harbour Vision	Adoption of Vision	Support from public and other governments	Agreement to develop vision	Adoption of vision		• Work cooperatively with HRM and other governments

Outcome	Indicator	Measure	Base Year Measure	Target 2003–04	Target 2004–05	Strategies to Achieve Target
3(vi) Determination of Feasibility to expand Museum of Atlantic	Feasibility Study	Financial viability	Phase I analysis	Public and Private Sector interest	n/a	• Develop consensus on concept and examine private sector response
3(vii) Cooperative partnerships for events	Successful events	Visitor increases	1,011,000 (2001)	3 percent increase	6 percent increase	• Cooperative partnerships and sponsorships of events
3(viii) Coordinate approach to provincial waterfront land	Provincial policy	Support for projects and programs	n/a	n/a		• Continued work of Deputy Minister's Committee and Staff Working Group
3(ix) Plan for Bedford Phase II	Public Support	Adoption of Plan	1990s plan	Draft Plan	Final Plan	• Hire consultants and public consultation
3(x) High quality signage and vendors	Visitor Satisfaction	Increased visitation	1,011,000 (2001)	3 percent increase	6 percent increase	• Standardization of signage and vendor kiosk